EDMONTON

Growth

The City of Edmonton, Alberta, Canada

2006 Annual Report

For the year ended December 31, 2006

2008-03227/

Growth

The City of Edmonton, Alberta, Canada

2006 Annual Report

I am pleased to forward to you The City of Edmonton Annual Report for the year ended December 31, 2006. The report presents some of the highlights along with our financial results for the year. It also provides information regarding our 2007 budget and future expectations.

To assist with future document distribution, if you wish to continue to receive the Annual Report, please complete the following. Alternatively, you may choose to access the Annual Report through the internet, at **www.edmonton.ca**.

Mailing Address:

Contact Person:

Position (if applicable):

Corporation (if applicable):

The City of Edmonton Annual Report: Fully meets my needs as a document user,
Would be more useful if the following additional information was included

Roger Rosychuk, MBA
Finance Branch Manager, Corporate Services Department

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Our Mission

The City of Edmonton focuses on:

- the delivery of effective, efficient and citizen - oriented services;
- sound leadership and teamwork; and
- responsible use of resources (financial, people and assets).

Produced by the Corporate Services Department of the City of Edmonton
in cooperation with all civic departments, offices and agencies.

Positioning

edmonton

POPULATION
- EDMONTON: 730,372*
- METROPOLITAN: 1,034,945*

LAND AREA
- EDMONTON: 700 SQUARE KILOMETRES (69,980 HECTARES)
- METROPOLITAN: 9,537 SQUARE KILOMETRES

* based on 2006 Canada Census

7,400ha
RIVER VALLEY

730K
POPULATION

2007
CANADA

Edmonton snapshot

Edmonton, Alberta's Capital city, experienced unprecedented growth and international attention in 2006 as its robust economy, innovative cultural community and near Stanley Cup win by the Edmonton Oilers captured both hearts and headlines at home and abroad.

Greater Edmonton's population swelled to 1.04 million, in a province Statistics Canada reports as enjoying the strongest period of economic growth ever experienced by a Canadian province. Projections anticipate a 230,000 population increase over the next decade.

Edmonton is an energetic city with five professional sports teams, 22 annual, internationally recognized festivals, North America's largest shopping mall and Fort Edmonton, North America's largest interactive historic park. The City of Edmonton also has the largest stretch of urban parkland in North America – the 7,400 hectare North Saskatchewan River Valley home to 22 major parks and over 150 kilometres of recreational trails.

Edmonton has a wealth of diverse and talented poets, singers, dancers, musicians, visual artists, playwrights and actors offering Edmontonians a choice of entertainment and activity throughout the year. It has been named 2007 Cultural Capital of Canada for its demonstration of leadership and ongoing commitment to the arts and culture.

In a city already well known for its acoustically excellent concert hall, the Francis Winspear Centre for Music, and its nationally recognized Citadel Theatre, Edmonton is looking to add another artistic jewel on Sir Winston Churchill Square (Edmonton's main central square) when the stunning reconstruction of the Art Gallery of Alberta opens its doors in 2009.

Edmonton's Shaw Conference Centre opened its new Hall D, a 2499-square meter room that comfortably accommodates 2,000 people in a theatre setting and offers a spectacular view of the Saskatchewan River. The new addition is the first of many new buildings to emerge in Edmonton's Downtown East as the City leads a $60-million revitalization of its historic downtown area.

The Canadian Finals Rodeo enjoyed another record-breaking year in 2006 and the Grand Prix of Edmonton chalked up a thrilling second year. Edmonton rebranded Klondike Days to Capital Ex, a move that reinvigorated the city's largest annual event.

A hotbed of research and innovation, Edmonton's National Institute for Nanotechnology offers world-class health care and education systems. Alberta's capital is an economic powerhouse offering the nation's best combination of business opportunity and quality of life.

$41.9M

ECONOMIC IMPACT

22

FESTIVALS

$60M

REVITALIZATION

EDMONTON 2007

CULTURAL CAPITALE CAPITAL CULTURELLE of CANADA du CANADA

Edmonton has been named 2007 Cultural Capital of Canada for its demonstration of leadership and ongoing commitment to the arts and culture.

Economic climate

The City of Edmonton, which serves as a global port to more than $100 billion of oil sands investment, has benefited from the economic spin offs from energy investments, strong population growth and consumer spending.

In 2006, crude oil rose to an average price of $68 per barrel. Higher oil prices increased the viability of oil sands projects in Northern Alberta and also spurred increased activity in the area of refining. Five proposed upgrading sites are planned for just north of Edmonton.

Greater Edmonton's economic growth rate reached 5.5 per cent or $2.1 billion in 2006. Edmonton's Gross Domestic Product (GDP) climbed to $42 billion – one of the largest increases in history, with projections of an additional 4.5 per cent, or a $1.9 billion jump in economic growth in 2007.

Even with a low unemployment rate of 3.5 per cent, Edmonton's construction industry has boomed in the Greater Edmonton area with a record breaking 15,000 new housing starts recorded for the year. More than $2.3 billion of building permits were issued in the City of Edmonton alone. Housing prices increased 40 per cent in 2006 over 2005.

Edmonton International Airport became the country's fastest growing airport in 2006, handling more than five million passengers - a 15.5 per cent increase over 2005. A $200 million, five-year expansion of the airport has been announced, to include a new terminal concourse, a larger enhanced transborder area, additional parking stalls and upgrades to systems.

The Northern Alberta Institute of Technology announced a $750 million expansion plan that will make it the largest technical school in Canada and one of the largest in North America. Across the Saskatchewan River, the University of Alberta is being transformed by $1.7 billion of construction.

Forty-six per cent of Greater Edmonton residents have earned a post-secondary degree, diploma or certificate, making Edmonton one of the most educated workforces in North America. With eleven post secondary institutions, 157,000 students and an annual budget of $1.5 billion, the region's post secondary education sector generates a major economic influence that continues to grow.

$2.1B

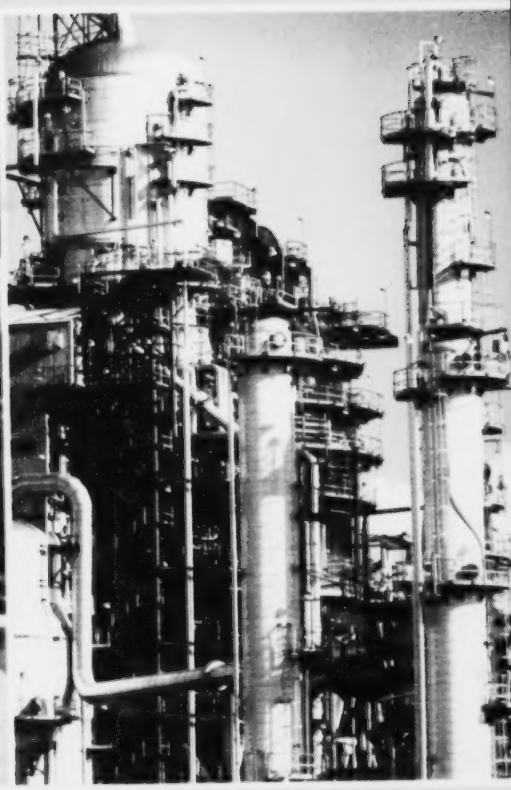
GROWTH

3.5%

EDMONTON

$3.6B

CONSTRUCTION



Welcoming

The City of Edmonton is working with the provincial and federal governments to increase the number of immigrants who settle and stay in the Capital City. The University of Alberta, seat of the Prairie Centre of Excellence for Research on Immigration and integration, is also helping the City and the Government of Canada attract and retain immigrants.

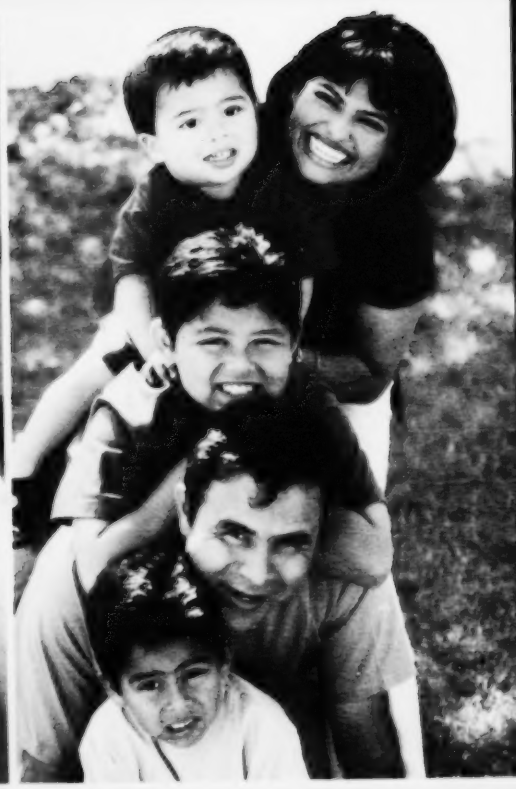
Known for its culturally diverse communities, Edmonton has experienced a significant shift from European immigration to immigration from the Middle East, Africa, and South and East Asia. The city is also welcoming thousands who have migrated to the Capital City from other provinces.

Initially attracted by Edmonton's thriving economy, the City wants to ensure immigrants settle in a supportive and receptive community and recommend Edmonton to their family and friends. In 2006, Edmonton established an immigration and settlement program to financially assist Edmonton organizations working with immigrants to ensure their successful integration into city life.

Key to that integration is availability of safe, affordable housing, reliable public transportation, and community organizations offering connection and social supports. The City of Edmonton is collaborating with community groups to develop these supports.

Immigrants to Edmonton report the City's quality of life, abundant recreational and entertainment choices, educational and economic opportunities, and the presence of family and friends are major factors in their decision to stay in the city.

The City also launched a new website www.movetoedmonton.com, to help encourage individuals thinking of immigrating or migrating to Edmonton. The site showcases Greater Edmonton's competitive advantages and the region's variety of ethnic communities.



Responsive and Responsible

government

The Edmonton region is poised for incredible growth over the next several years. The City of Edmonton recognizes that growth and change must be carefully managed to ensure future residents will enjoy our city's strengths. More people means more demand for transportation, housing and all city services.

The City of Edmonton Infrastructure Strategy was unanimously approved by Council to address the need for re-investment in existing infrastructure in an environment of robust economic growth, stringent environmental requirements and increasing expectations from citizens. Edmonton is working with the provincial and federal governments to understand and address the municipal infrastructure challenge.

In 2006, Edmonton began revising its ten-year Municipal Development Plan to establish direction for future land development and redevelopment decisions (Focus Edmonton). The Transportation Master Plan is also being revised to address the efficient movement of people and goods throughout the city in an environmentally sensitive manner.

Communicating with citizens

Both master plan revisions are using the 2006 City Council-approved Public Involvement Framework, designed to deliver a consistent approach to gaining the input of Edmontonians in the decisions that affect them. Involving citizens at the beginning of planning processes is expected to provide a richer, more diverse information base for decision makers.

Last year, City Council also approved the 2008 introduction of 311 service, which will give Edmontonians the convenience of accessing information on all City services and programs 24/7.

Edmonton City Council also passed the historic Declaration on Strengthening Relationships between the City and Urban Aboriginal People, the first of its kind passed by a civic government in Canada. This has led to the development of an Aboriginal Accord process, responding to a growing awareness of the needs, aspirations and importance of Canada's second largest urban aboriginal population to the development of Edmonton.

Transportation

The effective movement of people, goods and emergency services is key to managing, and benefiting from, the growth of the Edmonton region. Several transportation projects were completed in 2006 to increase traffic flow and safety.

A $64 million interchange at Yellowhead Trail and 156 Street opened in October and has significantly increased traffic flow from the West of the city. The City also completed a major $12.5 million rehabilitation to the City's Low Level Bridge, one of the bridges responsible for moving people across the river and in and out of the downtown area. The completion, by the Province, of the $310 million Anthony Henday Drive Southwest, has helped alleviate traffic congestion to the city's high growth southwest residential areas.

1,000+
FACILITIES

$12.5M
REHAB

70%
RECYCLED

In a spring 2006 survey, Edmontonians gave a 96 per cent rating to our quality of life and a nine out of ten overall satisfaction rating with civic services. City recycling and waste services, the extensive park and trail systems, police services and recreation and cultural facilities/programs received high ratings. Infrastructure, roads, a safe environment and public transit were cited as the citizen's four most important issues.

Responsive and Responsible

government continued

Edmonton's public transit system got a significant boost with approval to further extend the Light Rail Transit (LRT) system three additional stops to southwest Edmonton by 2010. This South LRT extension is expected to relieve the pressure on the major arterial roads from south Edmonton and will connect people from several of the city's new residential developments. The LRT will run 20.3 kms. from north to south Edmonton and will be a major factor in managing the city's transportation system.

Edmonton was one of six Canadian cities to receive federal funding to increase security on its public transit system. Edmonton invested a portion of its $2.2 million federal grant in increasing the number of closed circuit televisions and providing increased lighting. This investment adds to Council's earlier initiative of introducing Transit Special Constables in 2006 to help ensure security and safety of transit users and operators.

Public transportation furthers EcoVision, Edmonton's commitment to develop an environmentally sustainable community that functions in harmony with the natural environment. The City's commitment to ISO 14001 certification for its Environment Management Systems serves as another step toward meeting the expectations of its citizens for environmental stewardship.

Housing

Two innovative approaches were introduced last year to help meet Edmonton's growing need for affordable and social housing.

The developer of a 750-unit project volunteered to meet City Council's objective of including five per cent social housing in all new major developments as proposed in the City's plan for affordable housing. The agreement gives the City the ability to buy five per cent of the units in the development at 15 per cent lower than list price to add to Edmonton's inventory of social housing.

A unique, made-in-Edmonton program will also introduce up to 1,000 new homes to the market to help ease Edmonton's new home crunch. Edmonton's First-time Homebuyers Program will transform up to 20 unused school sites in city neighbourhoods into potential locations for affordable new homes. Proceeds from the eventual sale of the land will be split equally between the City of Edmonton and the school boards.

$106M

IMPROVEMENTS

4TH

LOWEST TAX RATE

57.5M

EDMONTON TRANSIT

Message from

city council

Edmonton is an economic powerhouse – one that offers an incredible quality of life. That combination, unique in Canada, makes us an ideal place to live, learn, work, invest and visit.

We are building a vibrant, sustainable city. We know that investing in growth means more than just bricks and mortar; it means investing in our people and our environment.

These investments are improving our city. From creating vibrant neighbourhoods and a dynamic downtown, to ensuring a safe community and fostering a culturally rich and welcoming society, Council's priorities are promoting the sustainable growth and quality of life that Edmontonians expect.

Our action today is building the smart, confident capital city of tomorrow. Working together, we will further strengthen Edmonton's position as a national leader in education, health, industry, research and innovation – where growth, opportunity and sense of community come together.

13 17.OCT.07 126

OFFICIALS ELECTION YRS OF SERVICE

Top row: Ron Howe, Ed Osborne, Terry Courtney, Dave Thiele, Ben Woodall, Tom Hancock, Brian Hickerson. Bottom Row: Linda Scott, Donna Mathews, Mayor Rosemary Haase, Jane Berry, Michael Price, Mike Perry

Political and Administrative structure

Edmonton is governed by an elected City Council comprised of a mayor and 12 councillors. Together they provide leadership and direction to the City Manager and administration, who ensure that citizens have access to the essential services needed in a liveable city.

The city is divided into six wards, with each voter able to choose two councillors as well as the Mayor. Elections are held every three years; the next election is set for October 17, 2007.

City Council meetings are held two to three times a month. City Council has a number of standing committees that meet regularly. Meetings are open to the public.

Appointed by City Council as Chief Administrative Officer, the City Manager implements City Council policies and manages day-to-day operations. Al Maurer has served in this position for seven years, leading with experience and dedication. Under his leadership are six departments, plus the Offices of the City Clerk, Intergovernmental Affairs and Emergency Preparedness.

Appointed by and accountable to City Council, the City Auditor performs the key roles of guardian and agent of change, providing independent reviews of civic departments and programs through audits and other studies.

EPCOR Utilities Inc. (EPCOR) is one of Canada's top providers of power and water-related services and products. EPCOR builds, owns and operates power plants, electrical transmission and distribution networks, water and wastewater treatment facilities and infrastructure, and provides energy and water services and products to its residential and commercial customers. With over $6 billion in assets, EPCOR is headquartered in Edmonton and operates in Canada and the United States.

The City is EPCOR's sole common shareholder and City Council appoints the utility's Board of Directors and Chairman.

Legislative and Administrative

organization chart

Political and Administrative structure

The Edmonton Police Commission includes seven citizens, appointed by City Council, and two City Councillors. The Police Commission oversees the Edmonton Police Service, including allocating funds provided in its annual operating budget to maximize the Police Service's community-based approach to enhancing safety and combating crime.

A 10-member Edmonton Public Library Board, appointed by City Council, manages Edmonton's library services, offered from a main location downtown and 15 additional branches. One City Councillor sits on the Board.

Edmonton Economic Development Corporation (EEDC) is a wholly-owned subsidiary of the City of Edmonton. EEDC is responsible for regional economic development, tourism marketing, and the operation of Shaw Conference Centre and Edmonton Research Park. It reports to a 15-member Board of Directors, appointed from both the private and public sector by City Council. The Board includes Edmonton's Mayor.

Hundreds of citizens play valuable roles as members of commissions, agencies, boards and authorities that provide leadership and advice about vital aspects of our lives. In addition to the boards named above, areas addressed by those bodies include business development, assessment, transportation, housing and historical preservation. Most citizens volunteer their services, evidence of the vibrant volunteerism for which Edmonton is internationally known.

Message from

city manager

In 2006, Edmonton had one of the fastest growing economies in the country. Though we are indeed fortunate to be in the midst of such prosperity, rapid growth has its challenges.

With economic indicators pointing to a continuing bright future for Edmonton, the City will need to focus once again in 2007 on identifying revenue streams that help us address our growing infrastructure gap. To help accomplish this, Edmonton is urging greater participation from the provincial and federal governments in funding the much needed infrastructure investments created by the current economic boom.

Projections that Edmonton will experience a ten-year population increase in just five years will result in the need to balance demand for city services to new residential developments with a program of longer term, sustainable investment in the aging infrastructure of our older communities.

In 2006, the City of Edmonton invested in the revitalization of some of our oldest communities. This investment is being leveraged with other orders of government and the business community to bring new energy, new residential housing choices and future increases in tax revenue to the City.

We committed $5 million to our Cornerstones Affordable Housing Program to increase the number of rental units available to lower income households. The City also introduced a unique first-time homebuyers program that will help ease Edmonton's housing crunch for first time homebuyers having difficulty getting into the market. The Neighbourhood First-time Homebuyers Program will transform 20 surplus school sites in neighbourhoods across the city into locations for up to 1,000 new homes. This made-in-Edmonton solution will maximize the use of existing City services, revitalize older neighborhoods and maximize the use of urban land.

Edmonton's rapidly expanding population is attracting people from other countries, adding a much-needed boost to the city's tight labour market. The City of Edmonton is working with the provincial and federal governments to help ensure all newcomers feel welcome in our city and continue to live and work here. The City's Office of Diversity and Inclusion is working to ensure our own City workforce broadly represents the communities we serve.

Beyond the demand of our own population growth, Edmonton is extremely concerned about the impact to the city from the explosive growth of the communities immediately outside of our city limits. In 2007, the City of Edmonton will strongly advocate for the creation of a new regional growth strategy with a renewed governance, cost, and revenue sharing formula that acknowledges this impact.

Al Maurer, P.Eng.
City Manager

March 30, 2007

$2.3B
BUILDING

$5M
HOUSING

$516.8M
CAPITAL

Al Maurer, City Manager

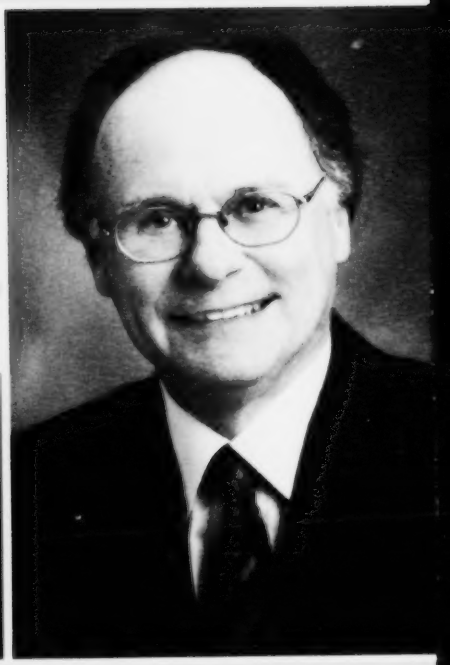
Last year the City created a Corporate Business Planning Department to ensure integration of our many master plans to the overall benefit of the citizens of Edmonton. The Department is also charged with moving the City Administration to a performance-based organization that can readily report to ratepayers on how the services they receive compare to municipal benchmarks.

Report from corporate services - finance

The 2006 Annual Report contains the consolidated financial statements for the City of Edmonton (the City), as prepared by management, in compliance with the standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). Deloitte & Touche LLP have provided the accompanying Auditors' Report. The financial statements and auditors' report satisfy a legislative reporting requirement as set out in the *Municipal Government Act* (MGA) of Alberta.

The Annual Report also serves as an opportunity to communicate with stakeholders and other report users regarding the City's 2006 financial performance, and to provide related information regarding significant financial policies, strategies, and events.

The following financial statement discussion and analysis is the responsibility of Management and should be read in conjunction with the audited consolidated financial statements and the schedules and statistics.



Financial Statement

discussion and analysis

2006 Financial Highlights

The 2006 financial statements of the City have been prepared on a fund basis and are comprised of an operating fund, a capital fund, and a reserve fund. The results of the three funds have then been consolidated to report the overall financial position. The City continues to achieve positive financial results from both solid fiscal management and a vibrant economy.

The Consolidated Statement of Financial Position provides a summary of the City's financial assets, liabilities, net financial assets and municipal position. Overall the City has maintained a strong municipal fund position providing additional financial flexibility for the future.

The Consolidated Statement of Financial Activities outlines revenues collected by the City and their application to provide municipal services and finance capital expenditures. Total revenues of over $2.1 billion, increased 30.4 per cent from 2005, highlight the City's continued growth as well as a significant increase in income from subsidiary operations of EPCOR. Expenditures of $1.7 billion were generally managed within the approved budget.

The Consolidated Statement of Changes in Financial Position summarizes the sources and uses of cash in 2006. The cash position, comprised of cash and temporary investments, has increased to $341.6 million from $184.6 million in 2005. This is primarily the result of additional provincial government transfers received during the year which will be applied to finance capital expenditures in future years. The City has been able to increase investments of a longer term nature by $90.0 million, to maximize investment earnings and provide future financial stability.

Financial Position

Included in investments of $1,416.2 million are amounts held within a Short Term Bond Fund, the Ed Tel Endowment Fund, the Balanced Fund, the Sanitary Servicing Strategy Fund and other longer term investments. Overall, the market value of the investment portfolio of $1,499.1 million well exceeds the cost.

Further investments of $209.0 million are managed for trust assets under administration, as outlined in Note 21 to the consolidated financial statements, including City-sponsored pension plans and a long-term disability benefit plan funded by employees.

$125.1M

DIVIDEND

AA+/Positive

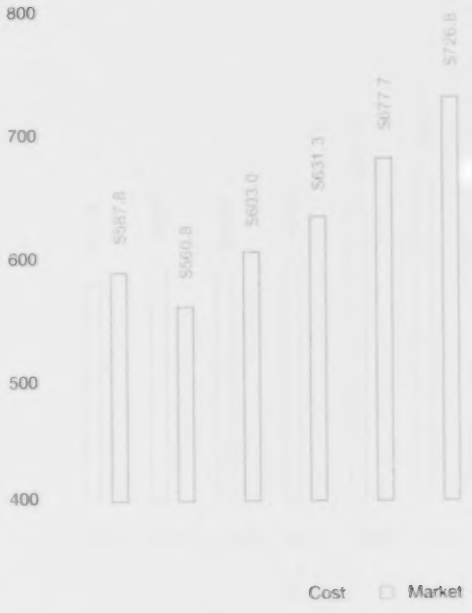
CREDIT RATING

$205

PER CAPITA

City Council approved an investment policy, with a goal to preserve the original principal and to maximize investment returns within an acceptable level of risk. Asset mix is determined based upon the earning objectives and timelines. All investments must comply with the *Municipal Government Act* (MGA) of Alberta, the associated *Major City's Investment Regulation* and with the City's investment policy.

The Ed Tel Endowment Fund was established in 1995, with the investment of $470.2 million in proceeds from the sale of the municipal telephone utility. Earnings from the Fund are applied to support municipal operations under a formula established by City Bylaw. Since experiencing negative market results in 2000 through 2002, the Fund has grown aggressively, ending the year with a net asset book value of $662.9 million and a market value of $726.8 million.



The City's investment in subsidiaries relates to EPCOR Utilities Inc. (EPCOR) and the City of Edmonton Non-Profit Housing Corporation, both wholly owned subsidiaries. The City applies a modified equity method of accounting and reporting for these subsidiaries as government business enterprises. Accounting principles followed by the subsidiaries are not adjusted to conform to those of the City as a local government.

In 2006, the total investment in subsidiaries increased to $2,243.4 million from $1,758.3 million in 2005. Of that net change, $485.1 million was attributable to EPCOR.

City Council's utility fiscal policies govern the financial relationship between the City's operating fund and each of the municipally owned or operated utilities. These policies require each utility to charge sufficient rates to recover all operating costs, repay capital debt and earn a return on the City's equity investment. The policies also require each utility to pay the City a franchise fee on utility revenue and to provide a portion of annual utility profits as a dividend to the City. The dividend policy for EPCOR is based on a percentage of ongoing budgeted earnings.

Deferred revenue totaling over $314.8 million; an increase of $114.3 million over 2005, is largely made up of funding received in advance for capital expenditures. These funds are externally restricted and will be recognized as revenue in future periods as they are used for the purpose intended. Included in 2006 deferred revenue is $227.9 million received under the Alberta Municipal Infrastructure Program (AMIP), a program implemented to manage the infrastructure backlog and longer term infrastructure requirements, and $53.8 million received under the Provincial Fuel Rebate program, available to fund certain Transportation projects.

Long-term debt totaling $544.0 million is the net amount payable as at December 31, 2006. The gross amount of debentures and mortgages payable of $1,403.3 million is offset by the related amounts receivable, mainly from EPCOR, and by sinking fund assets for debt retirement of $547.6 million. Overall, sinking fund market values of $556.5 million exceed book values. The amount receivable from EPCOR relates to debentures issued in the name of the City on behalf of EPCOR prior to 1999.

The MGA sets limits for debt and debt service costs. The City carries relatively low levels of debt and is well below the legislated limits.

2006 MGA Debt Limit	$	2,857.1
Total Debt per Regulation		546.9
Percentage used (%)		19.1
2006 MGA Debt Service Limit	$	500.0
Total Debt Service per Regulation		60.3
Percentage used (%)		12.1

The City's Debt Management Fiscal Policy provides guidelines for debt and pay-as-you-go funding for capital from the operating fund. In late 2002, City Council approved revisions to the Policy to allow limited borrowing for tax-supported capital projects, to assist in addressing the growth and rehabilitation demands. The City continues to follow a pay-as-you-go financing approach for a significant portion of capital expenditures in tax-supported programs, reducing the amount of debt financing required.

All borrowing completed by the City since 1993 has been in the form of amortizing debentures in Canadian dollars administered through the Alberta Capital Finance Authority (ACFA), utilizing the strong debt rating of the Province of Alberta and the combined borrowing volumes across Alberta. Interest rates are established at the time of borrowing and remain constant throughout the term of the debenture, eliminating the risk associated with fluctuating interest rates. Payments are made annually or semi-annually.

Physical assets include $1,949.1 million of capital assets from the consolidated utility and enterprise operations, and tax-supported capital assets financed by debt, as described in accounting policy Note 1 h) and outlined in Note 5 to the consolidated financial statements. Assets for utility and enterprise operations are amortized over their expected useful lives while tax-supported debt financed assets are amortized at the rate of principal repayments.

The 2006 consolidated operating fund net revenues were $127.5 million, excluding income from subsidiary operations, which contributed a further $610.2 million. After providing for certain budgeted fund transfers and debt repayments, the consolidated operating fund balance increased by $496.1 million to $3,107.1 million.

Operating fund revenues, net of subsidiary operations, were $35.9 million greater than in 2005, an increase of 2.8 per cent primarily due to increased taxes for municipal operations, user fees, sale of goods and services, and licenses/permits offset by reduced investment earnings. Expenditures were $88.9 million greater than 2005, or 8.1 per cent to address the service needs associated with growth and cost escalation in a robust economy.

Operating Fund Revenues*	
2006 actual	1,312.8
2005 actual	1,276.9
variance	35.9
% variance	2.8

Operating Fund Expenditures	
2006 actual	1,185.3
2005 actual	1,096.4
variance	88.9
% variance	8.1

*excluding income from subsidiary operations

Revenues exceeded budget in 2006 primarily for user fees, development compliance revenues and investment earnings. Expenditures were higher than budgeted in certain programs in response to the growing demand for services (transportation, police, ambulance, parks & recreation). In addition, the increased snowfall and ice conditions in 2006 resulted in greater expenditures for winter road maintenance.

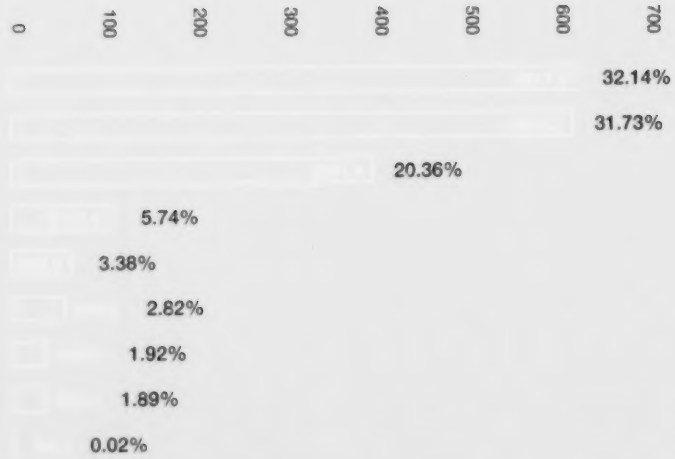
The City recognized expenditures to adjust employee benefit obligations in 2006 relating to accrued vacation, post-employment benefits provided to employees subsequent to their active service, banked overtime and certain benefit plans. The adjustments were based upon updated data or actuarial valuations.

Earnings within the Ed Tel Endowment Fund in 2006 were $59.9 million. Of that amount, $30.3 million was provided to support municipal operations. A further $7.6 million was provided from the Fund in 2006 as a special one-time dividend based upon ending 2005 market values. Based upon the strong investment market values at the end of 2006, another special one-time dividend of $8.0 million has been approved under the Investment Policy for 2007.

Earnings in the City of Edmonton Sinking Fund, established to meet future obligations to the purchasers of certain City of Edmonton debentures, exceeded required earnings by $4.4 million in 2006. Under an agreement, excess earnings within the Sinking Fund are shared between the City and EPCOR. The balance of accumulated excess earnings attributable to the City at December 31, 2006 is $30.3 million, of which $2.4 million has been committed to fund future capital expenditures.

EPCOR net earnings of $610.2 million in 2006 exceeded the budget expectation of $177.5 million due to increased net operating revenues, earnings from non-controlling interests as well as a $378.3 million gain on the sale of power purchase arrangements and related transactions. Dividends of $125.1 million and franchise fees of $36.7 million were transferred to support municipal operations.

Enterprise and utility operations of Drainage Services Utility, Land Enterprise and Mobile Equipment Services earned a combined $96.6 million, prior to fund transfers and debt repayment of $77.6 million. The Edmonton Public Library, Edmonton Economic Development Corporation and Taxi Cab Commission earned a combined $1.0 million, prior to fund transfers and debt repayment of $0.4 million.


0
100
200
300
400
500
600
700
32.14%
31.73%
20.36%
5.74%
3.38%
2.82%
1.92%
1.89%
0.02%

0
100
200
300
400
500
25.80%
17.83%
15.21%
11.95%
11.08%
8.72%
4.48%
3.14%
1.48%
0.31%

Financial Activities

Capital Fund Revenues	
2006 actual	254.6
2005 actual	206.4
variance	48.2
% variance	23.4

Capital Fund Expenditures	
2006 actual	515.8
2005 actual	428.6
variance	87.2
% variance	20.3

In 2006, revenues exceeded the prior year by $48.2 million, or 23.4 per cent, due to increased funding from other orders of government and developer and customer contributions. Revenues of $254.6 million were applied directly to finance capital. As well, $167.4 million was transferred from the operating fund on a pay-as-you go basis and $102.3 million was added through new debenture borrowings, of which $54.3 million was for tax-supported debt.

$515.8 million was expended on capital during 2006, an increase of 20.3 per cent from 2005. Expenditures were primarily in areas of roadways, drainage services, bus and light rail transit, mobile equipment, land and buildings and information technology. A number of capital projects did not proceed to the extent planned during the year due to factors such as the unavailability of resources, outstanding external commitments, land and vendor negotiations, project changes and weather impacts. Those projects will continue into 2007. The strong regional economy is impacting the availability of resources and resulting in significant cost escalation.

500

400

300

200

100

0

In 2006, work continued on the extension of the South Light Rail Transit (South LRT) project. The project reached its first completed milestone with the opening of the new Health Sciences LRT Station in January 2006. Construction of the South LRT Extension continues, with plans to extend to 23rd Avenue (Century Park) by the end of 2009. This portion of expansion is being initially financed through a combination of federal fuel tax rebate dollars and debt financing, with the ongoing federal fuel tax monies applied to service the debt. Detailed design work for the 23rd Avenue/Gateway Boulevard interchange project was completed in 2006 with construction scheduled to begin in the summer of 2007.

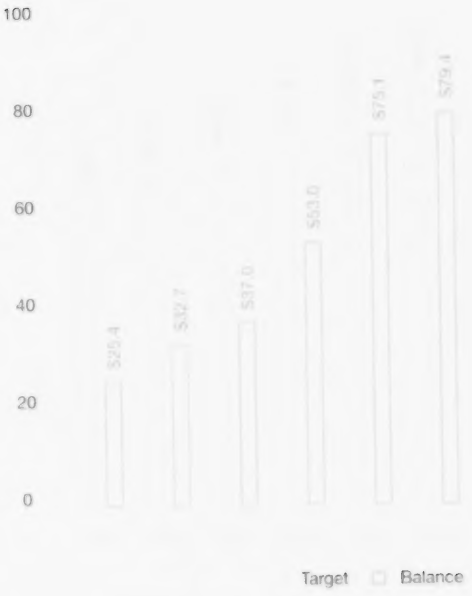
The ending capital fund balance of $153.6 million is committed to fund capital projects approved by City Council. Equity in physical assets has increased by $137.1 million in 2006, to a balance of $1,405.1 million.

During 2006 the City completed a review of the capital process. A report was approved by Council in April 2006 with key recommended improvements to include the introduction of three-year capital budgets, Council led direction-setting and enhanced corporate reporting. Recommendations are being implemented beginning with the 2007-2009 budget years.

The City maintains a City Council approved policy which directs the establishment and processes with respect to reserves. Initial establishment of reserves, as well as transfers to and from reserves requires the approval of City Council, through the annual budget approval process. The Reserve Fund also includes reserves of the Edmonton Public Library, as approved by the Edmonton Public Library Board.

During 2006, reserve and operating equity accounts and related policies were reviewed to ensure they continue to support the financial goals and serve the highest priority needs of the City and its citizens. The current status of reserves was reviewed considering the funding sources, and the planned use of the funds. City Council approved certain changes to the existing reserve and equity accounts, including a change to cap the Financial Stabilization Reserve (FSR). The policy and balances are monitored on an ongoing basis with the next formal review planned for 2009.

As at December 31, 2006 a consolidated amount of $197.0 million has been designated to reserves to fund future operating or capital purposes. The balance is increased from the level of the prior year by $45.6 million or 30.1 per cent.



Of the overall reserve fund balance, an amount of $79.4 million is held within the FSR. The FSR was established in 1997, to provide flexibility in addressing financial risks associated with revenue instability and unforeseen costs, and to ensure the orderly provision of services to citizens. The operating surplus for tax-levy operations is transferred to the FSR annually. As per policy, a target balance of seven per cent of general government operating expenditures to a maximum balance of $85.0 million has been established for the FSR. Any unappropriated FSR balance in excess of the reserve target level is applied evenly to the three subsequent years' operating budgets or to significant one-time operating or capital needs. A transfer of $11.2 million of 2006 tax-levy surplus will be made to the reserve in 2007, surpassing the maximum balance of $85.0 million. The excess balance over the cap will be allocated by City Council; $4.9 million has already been approved to finance certain expenditures in 2007.

Financial Control and Accountability

The City maintains the following processes to ensure appropriate financial controls and accountability are maintained within the organization and to take a proactive approach to identify and address financial challenges.

Plan Edmonton sets out the long-term vision for the City. Corporate and department three-year business plans support the overall vision, setting out goals, key strategies, and specific corporate-wide initiatives for implementation. A ten-year Long Range Financial Plan is updated annually to track revenue and expenditure trends, identify financial challenges or opportunities, and provide a framework for evaluating options in both operating and capital.

Edmonton's operating budget lays out the revenues and expenditures planned for the following year to deliver city services, using a program-based approach with a focus on service delivery.

Edmonton's capital priorities plan and budget identifies proposed capital project expenditures and their sources of financing. Proposed capital projects are assigned priorities based on a detailed set of criteria approved by City Council. Those projects that fall within the City's financial resources are recommended. Projects with a lower priority are deferred, and may be considered in future budgets.

Information including economic and demographic forecasts, the impact of inflation on costing of services, five-year infrastructure needs, and strategies for addressing Council's priorities, were provided to City Council in mid 2006 to support their establishment of the guidelines for preparation of the 2007 Budgets. The Long Range Financial Plan was updated for the 2007-2015 period and provided to City Council along with the recommended budgets. The three-year department business plans were updated where appropriate.

City Council values public consultation during the development and review of the annual budgets. Within the 2007 planning and budget process, citizen and stakeholder input was provided through web based surveys. In addition, City Council held a public forum prior to their deliberations with respect to the recommended budget.

The City of Edmonton is organized into various business areas, each responsible for managing the delivery of program services in accordance with the resources allocated to those programs. The City utilizes a shared services model for finance services. All business areas reporting to the City Manager share a common accounting and reporting system, and financial and accounting services are administered under the direction of the Finance Branch Manager and delivered to each business area based on their needs.

Edmonton Public Library, Edmonton Police Services, Non-Profit Housing, and Taxi Cab Commission utilize the common accounting system but report through their Board or Commission. EPCOR and Edmonton Economic Development Corporation (EEDC) have independent accounting systems and report through their Boards.

No new accounting or reporting requirements were required to be implemented in 2006. However, significant changes are on the horizon for Canadian local governments, to be implemented by 2009. The PSAB has approved new requirements to report all tangible capital assets and to provide for amortization over the expected useful lives, consistent with other orders of government. The City Administration is reviewing the implications and embarking on the system and process changes required. Consistent with PSAB guidelines, disclosure of the status of the conversion to the new reporting treatment for tangible capital assets will be included in the notes to the financial statements beginning in 2007.

The change to reporting of tangible capital assets is part of an overall initiative approved by PSAB to move municipal reporting to a full accrual basis. This change is also to be implemented beginning in 2009 and will see significant changes to the financial statements.

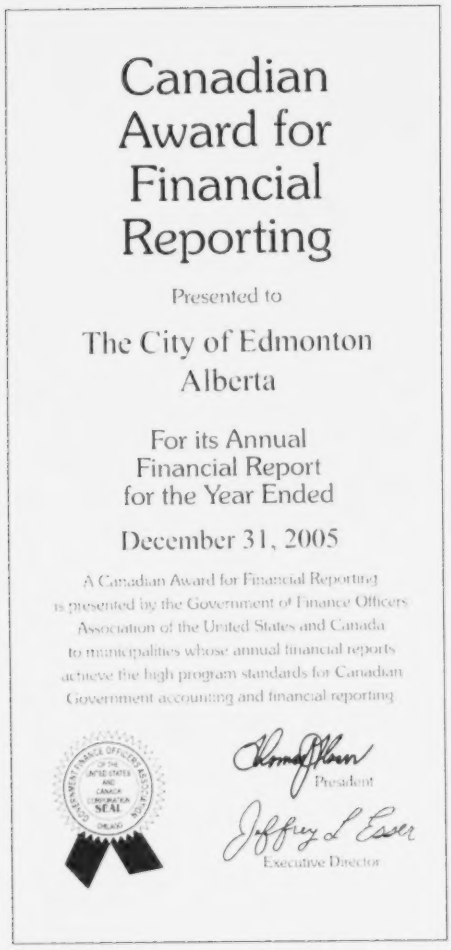
The MGA requires municipal councils to appoint an independent auditor. In 2004, Edmonton City Council appointed the firm of Deloitte & Touche LLP, Chartered Accountants, as external auditor for a five-year term. The auditor must report to City Council on the annual consolidated financial statements and the provincial financial information return of the municipality. In order to complete the consolidated audit of the City of Edmonton, the auditor must place reliance on the work of other auditors for each of EEDC, EPCOR, and Non-Profit Housing.

An Audit Committee has been established as a Committee of Council. The City also has an internal audit function. The Office of the City Auditor is independent of the City Administration and reports directly to City Council through Audit Committee. The Office is empowered by Bylaw 12424, City Auditor. This bylaw establishes the position of City Auditor and delegates powers, duties, and functions to this position. The City Auditor has two roles:

Agent of Change Role – to conduct proactive and forward looking projects based on the provision of strategic, risk and control related consulting services to better serve the changing needs of the corporation and bring about improvement in program performance; and

Guardian Role – to conduct projects directed primarily towards providing assurance through review of existing operations, typically focusing on compliance, efficiency, effectiveness, economy and controls.

Recognition for Achievements


Canadian Award for Financial Reporting
Presented to
The City of Edmonton
Alberta
For its Annual Financial Report for the Year Ended
December 31, 2005
A Canadian Award for Financial Reporting is presented by the Government of Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.
SEAL
President
Executive Director

Once again the City of Edmonton has been recognized with a number of awards in the financial area, attesting to the ongoing drive for quality and achievement.

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a **Canadian Award for Financial Reporting** to the City of Edmonton for its annual financial report for the fiscal year ended December 31, 2005. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. This is the thirteenth consecutive year that the City of Edmonton has received this award. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we will be submitting it to the GFOA for consideration.

The City of Edmonton also received the **2006 Distinguished Budget Presentation Award** from the Government Finance Officers Association of the United States and Canada, for the ninth straight year. The award represents a significant achievement and reflects the commitment of City Council and administration to meeting the highest principles of governmental budgeting. Edmonton has satisfied nationally recognized guidelines for effective budget presentation, designed to assess how well the budget serves as a policy document, a financial document, an operations guide, and a communication device.

For the seventh consecutive year, an **Achievement of Excellence in Procurement Award** was presented to the City of Edmonton from the National Purchasing Institute. This prestigious international award recognizes excellence in public procurement, measuring the innovation, professionalism, productivity, and leadership attributes of public sector organizations.

2007 Budget

City Council approved the 2007 Operating and Capital Budgets in December 2006. The Bylaw for the 2007 municipal tax rates will be finalized by City Council in April, 2007.

Overall, the budget maintains existing services, responds to growth demands, and addresses community priorities by adding resources in areas such as emergency medical, fire rescue, police, transit and roadway maintenance. Additional funding is provided by a 4.95 per cent increase in the municipal property and business tax revenues. Included in the tax increase is 0.75 per cent to cover the future cost of servicing $50.0 million in borrowing for priority tax-supported capital projects and a 0.25 per cent increase to support a South LRT Risk Mitigation Strategy.

Tax-supported debt financed projects approved in 2007 include recreation facility upgrades, neighborhood/district park development and construction of a new north side library.

The 2007 budget includes selected increases in user fees for various municipal services, including sewer and drainage fees, transit fares, ambulance fees, various parks and recreation fees and licensing fees.

Long-Term Sustainability

Operating and capital funding gaps continue to exist as identified in the Long Range Financial Plans reviewed with City Council. The overall strategies to close the gap recognize the need for a more equitable long-term relationship within the region and with the Federal and Provincial governments to allow municipalities the funding flexibility to plan and prioritize based upon needs. Efforts are ongoing and progress is evident.

Following the late 2006 Alberta election, the new provincial leader, Premier Stelmach, has committed to providing significant additional funding for municipalities over the next 10 years. The amount for Edmonton, or the nature of any restrictions that would be placed on the application of the funds, is not known at this time. The 2007/08 provincial budget is to be issued on April 19, 2007. The Province will also be considering recommendations from the Ministers Council on Municipal Sustainability. The report recommendations support an increase in funding for Alberta municipalities. It proposes some new municipal taxing powers as well as the establishment of more formalized regional agencies where needed to better manage growth, service delivery and inter-municipal relationships.

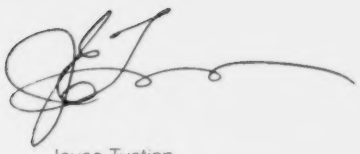
The Province of Alberta introduced a five-year Alberta Municipal Infrastructure Program (AMIP) commencing in 2005 to assist municipalities in addressing their capital infrastructure needs. The City of Edmonton received $135.5 million in each of 2005 and 2006. In addition, the Province has announced continued commitment to provide funding for Edmonton ring roads. The full southwest extension opened during 2006.

In 2005, the Federal government introduced a per capita fuel tax rebate which will see the City receive an additional $108 million over a five year period. This program has since been extended for a further two years with the 2007/08 federal budget considering a further three years. The funding has been designated as a source of debt financing for the South LRT expansion project.

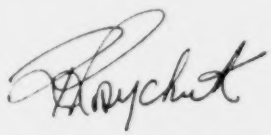
Conclusion

In 2006, Standard & Poors has improved their rating of the City of Edmonton from a AA+/Stable to a AA+/Positive. Dominion Bond Rating Services have confirmed their rating as AA (high). The positive ratings acknowledge the consistently good fiscal management and results, the strong liquidity position, the low level of tax-supported debt, and the solid economy with a positive outlook.

Forecasts project continued strong economic growth and population increases across the Edmonton metropolitan region. The City is challenged to maintain existing services as well as to address the service and infrastructure needs associated with the significant growth internally and as the major centre for the region. Efforts are ongoing in determining a regional approach to address the challenges going forward. Programs and services are continually reviewed to identify internal efficiencies and opportunities. Additional funding announced from the provincial and federal orders of government will enhance the City's ability to implement the necessary strategies to shape the future.



Joyce Tustian
General Manager, Corporate Services



Roger Rosychuk, MBA
Finance Branch Manager

March 30, 2007

financial information

Management's Report

The management of the City of Edmonton is responsible for the integrity of the accompanying consolidated financial statements and all other information within this Annual Report. The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants. The preparation of the consolidated financial statements necessarily includes some amounts which are based on the best estimates and judgments of management. Financial data elsewhere in the Annual Report is consistent with that of the consolidated financial statements.

To assist in meeting its responsibility, management maintains accounting, budget and other internal controls, as well as an internal audit function. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, and that assets are properly accounted for and safeguarded, in order that the integrity of financial records is maintained.

The consolidated financial statements have been audited by the independent firm of Deloitte & Touche LLP, Chartered Accountants. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Al Maurer, P.Eng.
City Manager

Roger Rosychuk, MBA
Finance Branch Manager

March 30, 2007

Auditors' Report

To His Worship the Mayor and Members of Council
The City of Edmonton

We have audited the consolidated statement of financial position of the City of Edmonton as at December 31, 2006, and the consolidated statements of financial activities and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Edmonton as at December 31, 2006, and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

March 30, 2007

Consolidated Statement of Financial Position

	2006	2005
Financial Assets		
Cash and temporary investments (Note 2)	$ 341,595	$ 184,583
Receivables:		
Taxes receivable	25,268	26,791
Trade and other receivables	75,857	83,653
Land for resale	38,829	35,778
Investments (Note 3)	1,416,247	1,326,288
Other assets (Note 4)	38,357	39,518
Investment in subsidiaries (Note 17)	2,243,393	1,758,269
	4,179,546	3,454,880
Liabilities		
Accounts payable and accrued liabilities	281,491	230,389
Deposits	14,166	11,204
Deferred revenue (Note 6)	314,826	200,539
Employee benefit obligations (Note 7)	93,796	88,681
Landfill closure and post-closure care (Note 8)	17,606	16,608
Long-term debt (Note 9)	544,035	470,300
	1,265,920	1,017,721
Net Financial Assets	2,913,626	2,437,159
Physical assets (Note 5)	1,949,127	1,738,247
Net Assets	$ 4,862,753	$ 4,175,406
Municipal Position		
Fund balances:		
Operating fund (Schedule 1)	$ 3,107,078	$ 2,610,986
Capital fund (Schedule 2)	153,592	145,032
Reserve fund (Schedule 3)	196,991	151,441
	3,457,661	2,907,459
Equity in physical assets	1,405,092	1,267,947
Total Municipal Position	$ 4,862,753	$ 4,175,406

Commitments and contingent liabilities (Notes 19 and 20)
See accompanying notes to consolidated financial statements.

Approved by:

Al Maurer, P.Eng.
City Manager

Roger Rosychuk, MBA
Finance Branch Manager

	Budget (unaudited)	2006	2005
Revenues			
Net taxes available for municipal purposes (Note 13)	$ 615,050	**$ 617,909**	$ 577,680
User fees and sale of goods and services	352,975	**393,188**	374,737
Subsidiary operations (Note 17)	177,500	**610,224**	187,152
Government transfers (Note 14)	275,887	**193,071**	177,679
Investment earnings	60,385	**110,366**	145,403
Franchise fees	65,147	**65,011**	62,019
Developer and customer contributions	135,817	**114,532**	79,943
Fines and penalties	36,035	**36,951**	34,922
Licenses and permits	31,808	**36,379**	30,875
	1,750,604	**2,177,631**	1,670,410
Expenditures (Note 16)			
Protective services:			
Police and bylaw enforcement	220,855	**217,342**	208,358
Emergency response	142,877	**135,017**	123,461
	363,732	**352,359**	331,819
Transportation services:			
Bus and light rail transit	284,962	**241,114**	215,296
Roadway and parking	330,465	**249,851**	223,444
	615,427	**490,965**	438,740
Community services:			
Parks and recreation	134,807	**112,439**	107,790
Community and family	29,061	**28,204**	26,088
Edmonton Public Library	36,905	**37,216**	31,185
Planning	21,265	**20,613**	19,154
Convention and tourism	28,841	**27,633**	20,584
Grants	24,541	**29,227**	13,480
Public housing	6,796	**6,185**	4,698
	282,216	**261,517**	222,979
Utility and enterprise services:			
Drainage Services	282,080	**236,196**	180,367
Mobile equipment	62,789	**45,068**	52,621
Land	27,942	**25,093**	26,825
	373,811	**306,357**	259,813
Waste management	70,336	**69,740**	61,317
Corporate administration	162,769	**145,133**	131,079
General municipal	61,047	**67,952**	72,424
Tax appeals and allowances	9,379	**5,996**	4,749
Pension and benefit adjustments		**1,145**	2,032
	1,938,717	**1,701,164**	1,524,952
Excess (deficiency) of revenues over expenditures	(188,113)	**476,467**	145,458
Debenture borrowings	170,721	**102,255**	83,266
Debt repayment	(28,164)	**(28,520)**	(30,470)
Change in fund balances	$ (45,556)	**$ 550,202**	$ 198,254

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

	2006	2005
Cash provided by (used in):		
Operating Activities		
Excess of revenues over expenditures	$ 476,467	$ 145,458
Deduct item not affecting cash:		
Subsidiary operations	(610,224)	(187,152)
Change in non-cash items:		
Taxes receivable	1,523	(2,980)
Trade and other receivables	7,796	(21,739)
Land for resale	(3,051)	8,304
Other assets	1,161	307
Accounts payable and accrued liabilities	51,102	29,978
Deposits	2,962	2,891
Deferred revenue	114,287	122,801
Employee benefit obligations	5,115	8,637
Landfill closure and post-closure care	998	1,513
Cash from operations	48,136	108,018
Investing Activities		
Net increase in investments	(89,959)	(229,321)
Dividend from subsidiary	125,100	122,669
Cash from investing	35,141	(106,652)
Financing Activities		
Debenture borrowings	102,255	83,266
Repayment of long-term debt	(28,520)	(30,470)
Cash from financing	73,735	52,796
Increase in cash position	157,012	54,162
Cash, beginning of year	184,583	130,421
Cash, end of year	$ 341,595	$ 184,583

Cash is represented by cash and temporary investments (Note 2).
See accompanying notes to consolidated financial statements.

Schedule 1 - Operating Fund

	Budget (unaudited)	2006	2005
Revenues			
Net taxes available for municipal purposes (Note 13)	$ 615,050	**$ 617,909**	$ 577,680
User fees and sale of goods and services	352,975	**391,495**	370,854
Subsidiary operations (Note 17)	177,500	**610,224**	187,152
Government transfers (Note 14)	46,908	**54,219**	55,016
Investment earnings	60,385	**110,366**	145,403
Franchise fees	65,147	**65,011**	62,019
Developer and customer contributions		**461**	84
Fines and penalties	36,035	**36,951**	34,922
Licenses and permits	31,808	**36,379**	30,875
	1,385,808	**1,923,015**	1,464,005
Expenditures (Note 16)			
Protective services:			
Police and bylaw enforcement	209,768	**210,317**	201,343
Emergency response	138,380	**132,584**	121,714
	348,148	**342,901**	323,057
Transportation services:			
Bus and light rail transit	166,420	**173,733**	165,330
Roadway and parking	108,669	**118,701**	89,767
	275,089	**292,434**	255,097
Community services:			
Parks and recreation	84,545	**90,270**	87,132
Community and family	29,061	**28,204**	26,088
Edmonton Public Library	30,417	**32,009**	29,215
Planning	18,961	**19,610**	17,145
Convention and tourism	23,200	**24,212**	19,534
Grants	24,541	**29,227**	13,480
Public housing	6,796	**6,185**	4,698
	217,521	**229,717**	197,292
Utility and enterprise services:			
Drainage Services	62,919	**59,792**	62,798
Mobile equipment	9,266	**11,878**	10,466
Land	17,574	**14,458**	20,883
	89,759	**86,128**	94,147
Waste management	56,055	**60,469**	57,459
Corporate administration	95,576	**98,594**	90,121
General municipal	61,047	**67,952**	72,424
Tax appeals and allowances	9,379	**5,996**	4,749
Pension and benefit adjustments		**1,145**	2,032
	1,152,574	**1,185,336**	1,096,378
Excess of revenues over expenditures	233,234	**737,679**	367,627
Net interfund transfers:			
To capital fund	(162,163)	**(167,433)**	(160,760)
To reserve fund	(32,471)	**(45,634)**	(27,952)
Debt repayment	(28,164)	**(28,520)**	(30,470)
Change in fund balance	10,436	**496,092**	148,445
Opening balance	2,610,986	**2,610,986**	2,462,541
Closing balance (Note 10)	$ 2,621,422	**$ 3,107,078**	$ 2,610,986

See accompanying notes to consolidated financial statements.

Schedule 2 - Capital Fund

	Budget (unaudited)	2006	2005
Revenues			
Government transfers (Note 14)	$ 228,979	$ 138,852	$ 122,663
Developer and customer contributions	135,817	114,071	79,859
Other		1,693	3,883
	364,796	254,616	206,405
Expenditures (Note 16)			
Protective services:			
Police and bylaw enforcement	11,087	7,025	7,015
Emergency response	4,497	2,433	1,747
	15,584	9,458	8,762
Transportation services:			
Bus and light rail transit	118,542	67,381	49,966
Roadway and parking	221,796	131,150	133,677
	340,338	198,531	183,643
Community services:			
Parks and recreation	50,262	22,169	20,658
Edmonton Public Library	6,488	5,207	1,970
Planning	2,304	1,003	2,009
Convention and tourism	5,641	3,421	1,050
	64,695	31,800	25,687
Utility and enterprise services:			
Drainage Services	219,161	176,404	117,569
Mobile equipment	54,523	33,190	42,155
Land	10,368	10,635	5,942
	284,052	220,229	165,666
Waste management	14,281	9,271	3,858
Corporate administration	67,193	46,539	40,958
	786,143	515,828	428,574
Excess of expenditures over revenues	421,347	261,212	222,169
Net interfund transfers:			
From operating fund	162,163	167,433	160,760
From (to) reserve fund	17,840	84	(3,643)
Debenture borrowings	170,721	102,255	83,266
	350,724	269,772	240,383
Change in fund balance	(70,623)	8,560	18,214
Opening balance	145,032	145,032	126,818
Closing balance (Note 11)	$ 74,409	$ 153,592	$ 145,032

See accompanying notes to consolidated financial statements.

	Budget (unaudited)	2006	2005
Opening balance	$ 151,441	**$ 151,441**	$ 119,846
Add (deduct):			
Transfer from operating fund	51,145	**58,859**	39,571
Transfer to operating fund	(18,674)	**(13,225)**	(11,619)
Net transfer from operating fund	32,471	**45,634**	27,952
Transfer from capital fund		**7,336**	7,071
Transfer to capital fund	(17,840)	**(7,420)**	(3,428)
Net transfer from (to) capital fund	(17,840)	**(84)**	3,643
Change in fund balance	14,631	**45,550**	31,595
Closing balance (Note 12)	$ 166,072	**$ 196,991**	$ 151,441

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The City of Edmonton (the City) is a municipality in the Province of Alberta, Canada and operates under the provisions of the *Municipal Government Act*, R.S.A., 2000, c. M-26, as amended (MGA).

The consolidated financial statements ("the financial statements") of the City are prepared by management in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

The financial statements reflect the assets, liabilities, revenues, expenditures, and changes in fund balances and financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. In addition to general government tax-supported operations, they include the following:

Drainage Services Utility (Sanitary Drainage Services and Land Drainage Services)
Land Enterprise
Mobile Equipment Services
Ed Tel Endowment Fund
The Edmonton Public Library
Edmonton Economic Development Corporation
Taxi Cab Commission

Interdepartmental and inter-organizational transactions are eliminated.

Certain subsidiary corporations are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises (Note 17). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. Subsidiary corporations accounted for in this manner are:

EPCOR Utilities Inc.
The City of Edmonton Non-Profit Housing Corporation

The financial statements exclude trust assets under administration for the benefit of external parties (Note 21).

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

Funds within the financial statements consist of the operating, capital, and reserve funds. Transactions between funds are recorded as interfund transfers.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

Administration has used estimates to determine employee benefit obligations, pension obligations relating to City-sponsored pension plans, landfill closure and post-closure care obligations, accrued liabilities and capital asset useful lives as well as provisions made for allowances for amounts receivable.

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at December 31 and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenditures are translated at rates in effect at the time of the transactions or at rates of exchange established by the terms of the forward foreign exchange contract. Gains (losses) on foreign currency translation are included as revenues (expenditures).

Land for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

Fixed income investments are recorded at amortized cost less amounts written off to reflect a permanent decline in value. Purchase premiums and discounts are amortized on the present value basis over the terms of the issues.

Investments in common and preferred shares are recorded at cost, or at cost less amounts written off to reflect a permanent decline in value.

Physical assets, comprised of inventories of materials and supplies, land for future municipal purposes, local improvements, and capital assets are recognized as expenditures in the period they are acquired.

Inventories of materials and supplies are valued at the lower of average cost and replacement cost.

Land for future municipal purposes is valued at cost.

Local improvements are authorized by property owners as set out within the MGA and are undertaken by the City. The construction and borrowing costs are recovered through annual local improvement assessments during the period of the related borrowings.

Capital assets employed in general government tax-supported operations are carried on the Statement of Financial Position at cost net of financing provided from capital fund revenues, the reserve fund, and the operating fund. Tax-supported capital assets financed by debentures are carried at an amount equivalent to the debenture and are amortized at a rate equivalent to the principal repayment.

Capital assets employed in other operations are carried at cost, and the related financing from capital fund revenues, the reserve fund, and the operating fund is recorded as equity in physical assets. Capital assets are amortized over their estimated useful lives.

The operating fund balance represents the amounts available to offset future operational revenue requirements.

The capital fund balance represents the amounts available to finance future capital projects.

Certain amounts, as approved by City Council, are set aside in reserves for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

Equity in physical assets represents the investment in physical assets, after deducting the portion financed by long-term debt.

	2006	2005
Cash	$ 5,564	$ 5,523
Temporary investments	364,924	201,594
Cheques outstanding in excess of deposits	(28,893)	(22,534)
	$ 341,595	$ 184,583

Temporary investments consist of bankers' acceptances, treasury bills and commercial paper, at cost. Temporary investments have effective rates of 4.2 to 4.5 per cent (2005 – 3.0 to 3.4 per cent) and mature in less than one year.

Temporary investments are capable of reasonably prompt liquidation and may be used to manage the City's cash position throughout the year.

	Cost		Market Value	
	2006	2005	2006	2005
Cash	$ 79	$ 787	$ 79	$ 787
Amounts receivable - net	2,778	2,482	2,778	2,482
Fixed income:				
Short-term notes and deposits	21,511	26,220	21,470	26,383
Government and government guaranteed bonds	582,034	534,109	579,277	532,283
Corporate bonds and debentures	294,952	247,356	292,873	246,284
	898,497	807,685	893,620	804,950
Common and preferred shares:				
Canadian	246,642	238,061	297,841	291,502
International	268,232	277,253	304,794	274,145
	514,874	515,314	602,635	565,647
Other investments	19	20	19	20
	$ 1,416,247	$ 1,326,288	$ 1,499,131	$ 1,373,886

Short-term notes and deposits have effective interest rates of 4.1 to 4.4 per cent (2005 – 3.1 to 3.4 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 4.0 to 6.3 per cent (2005 – 3.7 to 9.6 per cent) with maturity dates from February 15, 2007 to January 3, 2047 (2005 – January 31, 2006 to February 1, 2045).

Investments with a cost of $662,901 (2005 - $640,874) and market value of $726,830 (2005 - $677,704) are managed within the Ed Tel Endowment Fund, in accordance with City Bylaw 11713. An annual appropriation from the earnings of the Fund is withdrawn to support municipal operations, based upon a spending formula set out in the Bylaw. Any amendment to the Bylaw requires advertisement and a public hearing.

The cost of fixed income investments marginally exceeds market value as at December 31, 2006, due to the current fluctuation in the level of interest rates. Management is of the opinion that the loss in value is a temporary decline.

	2006	2005
Prepaid expenses – operational	$ 5,934	$ 5,950
Pension net fund asset (Note 18)	32,423	33,568
	$ 38,357	$ 39,518

	Cost	Accumulated Depreciation	2006 Net Book Value	2005 Net Book Value
Inventories of materials and supplies	$ 18,811	$	$ 18,811	$ 18,454
Land for future municipal purposes	28,353		28,353	19,050
Local improvements	74,992	21,299	53,693	56,492
Capital assets:				
Sanitary Drainage Services	1,008,584	205,555	803,029	720,323
Land Drainage Services	860,338	274,158	586,180	524,297
	1,868,922	479,713	1,389,209	1,244,620
Engineering structures	218,485	23,144	195,341	159,820
Land	1,424		1,424	1,344
Buildings	93,263	32,488	60,775	45,898
Vehicles	262,330	82,902	179,428	173,332
Machinery and equipment	49,549	27,456	22,093	19,237
	2,493,973	645,703	1,848,270	1,644,251
	$ 2,616,129	$ 667,002	$ 1,949,127	$ 1,738,247

Deferred revenue is comprised of the funds noted below, the use of which are externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified. Certain deferred revenues relate to government transfers as further described in Note 14.

	2006	2005
Operating	$ 20,966	$ 19,641
Capital:		
Transportation fuel rebate	53,838	40,396
Infrastructure Canada-Alberta Program (ICAP)	610	831
North/South Trade Highway grant	9,836	3,349
Alberta Municipal Infrastructure Program (AMIP)	227,852	134,372
Other	1,724	1,950
	293,860	180,898
	$ 314,826	$ 200,539

	2006	2005
Accrued vacation	$ 53,701	$ 51,106
Income replacement plan	13,105	13,754
Post-employment benefits	11,555	10,852
Banked overtime	7,681	6,407
Group life plan	3,339	3,035
Supplementary management retirement plan	628	556
Other	3,787	2,971
	$ 93,796	$ 88,681

The income replacement plan was a disability plan partially funded by employees, which was discontinued in April 1991. The outstanding obligation will be paid to employees in accordance with the terms and conditions of the plan. The obligation is based on an actuarial extrapolation as at December 31, 2006, completed by the actuaries of Aon Consulting Inc. of a valuation they completed as at December 31, 2005.

Post-employment benefits represent the City's cost, including the continuation of benefits for employees on long-term disability, and the City's share of pensioners' eligible medical, dental and other obligations.

In order to measure the post-employment obligation, an actuarial valuation was completed by the actuaries of Aon Consulting Inc. regarding the continuation of benefit coverage while eligible employees are on long-term disability. The discount rate used in the valuation is 5.0 per cent (2005 – 5.5 per cent). The accrued benefit obligation as at December 31, 2006 is $10,008 (2005 - $9,346). Total benefit plan related expense was $2,932 (2005 - $2,520) and was comprised of current service cost of $1,892 (2005 - $1,468), amortization of actuarial loss of $466 (2005 - $465) and interest cost on the accrued benefit obligation of $574 (2005 - $587). Benefits paid during the year were $1,595 (2005 - $1,488). The net unamortized actuarial loss was $2,584 (2005 - $3,259), to be amortized over the expected average remaining service period of disabled employees of 7 years (2005 – 7 years).

Eligible medical and dental obligations are estimated based on a five year average of pensioners' claim costs in excess of contributions until the pensioners reach age 65. Eligible medical obligations for 2006 were $1,307 (2005 - $1,254). Eligible dental obligations for 2006 were $164 (2005 - $143). Other post-employment benefits were $77 (2005 - $109).

A Group Life Insurance Plan is provided by the City, funded equally by employer and employees. The Plan is administered by Great West Life.

The City sponsors certain employee benefit plans, which are funded through employee and/or employer contributions. Premium contributions, interest earnings, payments for benefit entitlements, and administrative costs are applied to each of the respective plans.

In December 2004, plan terms were approved for a Supplementary Management Retirement Plan for designated management employees. The plan was implemented effective for service beginning January 1, 2003. Total current and past service costs of $628 (2005 - $556), to December 31, 2006 have been based upon an actuarial valuation completed by Aon Consulting Inc.

Under legislation, the City has a liability for closure and post-closure care costs for its landfill. $17,606 (2005 - $16,608) of the estimated total landfill closure and post-closure care expenditures of $18,602 (2005 - $17,505) has been accrued at December 31, 2006. The estimated liability for these expenditures is recognized as the landfill site's capacity is used and the reported liability represents the portion of the estimated total expenditures recognized as at December 31, 2006, based on the cumulative capacity used at that date, compared to the total estimated landfill capacity. Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities, applying a discount rate at the City's average long-term borrowing rate of 5.1 per cent (2005 – 5.8 per cent), and an inflation rate of 2.5 per cent.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 40 year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and will be recognized prospectively, as a change in estimate, when applicable.

The estimated remaining capacity of the landfill site is 5.4 per cent of its total estimated capacity and its estimated remaining life is three years, after which the period for post-closure care is estimated to be 25 years.

Debt payable, issued in the name of the City, includes the following amounts:

	2006	2005
Debentures	$ 1,390,768	$ 1,340,161
Mortgages	12,492	12,808
	1,403,260	1,352,969
Less debt attributed to and secured by offsetting amounts receivable from:		
EPCOR Utilities Inc.	309,038	381,969
Edmonton Northlands	2,625	2,731
Sinking fund assets	547,562	497,969
	544,035	470,300
Long-term debt is comprised of:		
Self-liquidating debt	396,534	366,516
Tax-supported debt	147,501	103,784
	$ 544,035	$ 470,300

The amount receivable from EPCOR Utilities Inc. relates to debentures issued in the name of the City on behalf of EPCOR Utilities Inc. and has the same repayment terms as the respective debt.

Outstanding debentures of $800,000 are secured by Sinking Fund assets with a carrying value of $547,562 (market value - $556,507) and required earnings of 5.0 per cent (2005 - 5.0 per cent). These assets are comprised of short-term notes and deposits, government and government guaranteed bonds and corporate bonds and debentures. Government and government guaranteed bonds include debentures of The City of Edmonton with a carrying value of $66,792 (market value - $71,153).

Short-term notes and deposits have an effective interest rate of 4.3 per cent (2005 – 3.4 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 4.2 to 5.5 per cent (2005 – 3.7 to 5.3 per cent) with maturity dates from February 15, 2008 to December 31, 2036 (2005 – April 26, 2006 to February 2, 2034).

Principal payments on long-term debt for the next five years are as follows:

	2007	2008	2009	2010	2011
Self-liquidating debt	$ 63,552	$ 51,216	$ 44,257	$ 36,639	$ 31,636
Tax-supported debt	7,401	7,742	8,099	7,465	7,354
	70,953	58,958	52,356	44,104	38,990
Less:					
Payments on offsetting amounts receivable	16,786	8,247	6,045	5,003	2,403
Sinking Fund principal	24,028	22,517	18,145	13,609	11,341
	$ 30,139	$ 28,194	$ 28,166	$ 25,492	$ 25,246

Payments on offsetting amounts receivable and Sinking Fund principal amounts relate to self-liquidating debt. The above amounts do not include annual Sinking Fund required earnings.

A Regulation under section 271 of the MGA requires that debt, debt limit and debt service (principal and interest payments) limit be disclosed. The debt limit, as defined in the Regulation, is two times revenue net of capital government transfers. The debt service limit is calculated at 0.35 times of the same revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs and Housing.

The City's position with respect to the debt and debt service limits is as follows:

	2006	2005
Total debt limit	**$ 2,857,110**	$ 2,721,190
Total debt per Regulation	**546,877**	473,435
Percentage used (%)	**19.14**	17.40
Total debt service limit per Regulation	**$ 499,994**	$ 476,208
Total debt service	**60,280**	55,785
Percentage used (%)	**12.06**	11.71

Existing long-term debt matures in annual amounts to the year 2031 and debenture interest is payable, before provincial subsidy, at rates ranging from 3.2 to 12.0 per cent (2005 – 3.2 to 12.0 per cent). The average annual interest rate is 5.5 per cent for 2006 (2005 – 5.8 per cent) before rebate. The Province rebates 60 per cent of interest in excess of 8 per cent, 9 per cent, and 11 per cent for qualifying debt issues. The Province pays the interest for the first five years for qualifying debt issues related to energy conservation, through the ME *first!* program.

	2006	2005
Self-liquidating debt	**$ 108,044**	$ 116,984
Tax-supported debt	**5,416**	3,949
	113,460	120,933
Less payments on offsetting amounts receivable	**85,939**	94,373
Long-term debt interest included in interest and bank charges (Note 16)	**$ 27,521**	$ 26,560

	2005	Excess (Deficiency) of Revenues over Expenditures	Transfers and Debt Repayment	2006
General Government:				
Operations	$ 47,678	$ (924)	$ (29,722)	**$ 17,032**
Pension and benefits	33,568	(1,145)		**32,423**
Excess earnings on Sinking Fund	29,190	2,267	(1,200)	**30,257**
Drainage Services Utility	5,500	57,762	(54,377)	**8,885**
Land Enterprise	58,345	14,708	(5,091)	**67,962**
Mobile Equipment Services	36,171	24,172	(18,161)	**42,182**
Ed Tel Endowment Fund	640,874	29,592	(7,565)	**662,901**
EPCOR Utilities Inc.	1,757,555	610,195	(125,100)	**2,242,650**
Non-Profit Housing Corporation	714	29		**743**
The Edmonton Public Library	704	(168)	213	**749**
Edmonton Economic Development Corporation	556	1,229	(584)	**1,201**
Taxi Cab Commission	131	(38)		**93**
	$ 2,610,986	$ 737,679	$ (241,587)	**$ 3,107,078**

The general government operations fund balance includes $5,868 appropriated for future purposes and $11,164 to be transferred to the Financial Stabilization Reserve. Excess earnings of $2,400 of the Sinking Fund is appropriated for future capital expenditures.

The capital fund balance is comprised of the following:

	2006	2005
Financing available:		
Funds for future construction	**$ 92,308**	$ 83,895
Drainage Services Utility capital financing	**110,638**	99,145
	202,946	183,040
Amounts to be financed:		
Land for future municipal purposes	**(28,348)**	(17,927)
Inventories of materials and supplies	**(18,811)**	(18,454)
Other physical assets	**(2,195)**	(1,627)
	(49,354)	(38,008)
	$ 153,592	$ 145,032

Amounts related to inventories of materials and supplies will be financed at the point they are utilized.

Land for future municipal purposes and other physical assets to be financed will be addressed within the City's Capital Priorities Plan (Note 19).

	2006	2005
General Government:		
Financial Stabilization	$ 79,368	$ 75,057
Financial Stabilization – appropriated	32,908	6,984
Funds in Lieu - Residential	22,509	20,468
Parkland Reserve	11,022	9,279
Waste Management Rate Stabilization	7,879	7,136
Affordable Housing	6,500	
Enterprise Portfolio/Commonwealth Stadium	6,151	7,079
Benefit Plan	4,770	4,467
Tax-supported Debt	4,165	3,169
Other	4,110	4,341
Perpetual Care	3,648	3,527
Natural Areas	3,122	2,122
Self Insurance - Vehicles	2,500	2,500
Heritage Resources	1,926	1,426
Energy Management	1,681	921
SLRT Risk Mitigation Strategy	1,512	
	193,771	148,476
The Edmonton Public Library	3,220	2,965
	$ 196,991	$ 151,441

	2006	2005
Taxes:		
Property and business taxes	$ 850,462	$ 801,075
Revenue in lieu of taxes	22,411	22,381
Local improvement levies	9,856	10,815
Other	5,031	4,746
	887,760	839,017
Less taxes on behalf of:		
Education	267,885	259,634
Business revitalization zones	1,966	1,703
	269,851	261,337
Net taxes available for municipal purposes	$ 617,909	$ 577,680

The City is required to levy taxes under section 353 of the MGA towards the payment of education requisitions. Education tax revenues are recorded at the amounts levied. Actual taxes levied over/under the amount requisitioned are recorded as an adjustment to the trade and other receivables.

An amount of education taxes payable of $1,740 on supplementary levies has been recorded at December 31, 2006 (2005 - $1,641) within accounts payable and accrued liabilities.

The following government transfers have been included in revenues:

	2006	2005
Operating transfers:		
Federal	$ 2,103	$ 5,074
Provincial	52,116	49,942
	54,219	55,016
Capital transfers:		
Federal:		
Shared cost agreements - ICAP	937	10,460
Shared cost agreements - other		10
Other agreements	11,910	12,784
Provincial:		
Shared cost agreements – ICAP	937	10,460
Shared cost agreements - other	29	49
Grants and entitlements	1,490	193
Other agreements	123,549	88,707
	138,852	122,663
	$ 193,071	$ 177,679

In 2005 the Federal government introduced the New Deal for Cities and Communities to assist in reducing the backlog of necessary sustainable capital municipal infrastructure projects that have been deferred. In 2006 the City received, and recognized $11,889 (2005 - $12,784) for capital government transfers and $1,033 (2005 - $138) for operating government transfers. The funding was used towards the South LRT project.

The Provincial City Transportation Fund provides annual funding for developing and implementing safe, effective and integrated transportation systems and facilities. In 2006 the City received funding of $88,000 (2005 - $75,000) and has recognized $71,180 (2005 - $86,754) as capital government transfers and $53,838 (2005 - $40,396) as deferred revenue under Transportation Fuel Rebate and $6,100 as deferred revenue transferred to the North/South Trade Highway grant program (Note 6).

The Provincial government introduced the Alberta Municipal Infrastructure Program in 2005 to assist municipalities in addressing capital infrastructure needs. In 2006 the City received a per capita grant of $135,547 (2005 - $135,547), of which $49,490 (2005 - $3,034) has been recognized as government transfers. $227,852 (2005 - $134,372), including interest of $7,424 (2005 - $1,859), has been deferred to future years (Note 6).

The Provincial government has provided grants under the Alberta Disaster Relief Program for flood damage in 2004, 2005 and 2006. $2,286 (2005 - $546) has been recognized in operating government transfers and $1,123 (2005 - $114) in capital government transfers in 2006.

The Provincial government has provided grants under the Centennial Legacies Grants Program. In 2006, $1,122 was received and $1,440 has been recognized as provincial capital government transfers. $1,125 (2005 - $1,085) was deferred to future years including $44 in interest. The grants and interest have been used for the purposes consistent with clause 1 of the grant agreements.

The following executive salaries and benefits are disclosed as required by Regulations under section 276 of the MGA.

	Salaries	Benefits	2006	2005
Mayor	$ 121	$ 25	**$ 146**	$ 136
Councillors (12)	762	161	**923**	855
Chief Administrative Officer	283	48	**331**	243
City Assessor	118	19	**137**	124
	$ 1,284	$ 253	**$ 1,537**	$ 1,358

Councillors are each paid a base salary of $63.5. Each receives benefits in the range of $12.6 to $15.7.

Benefits include the City's share of all benefits and contributions made on behalf of executives, including retirement contributions, Canada Pension Plan, Employment Insurance, Alberta Health Care, dental coverage, medical coverage, group life insurance, short-term disability insurance, and transportation allowances.

Executive salaries and benefits are included in corporate administration expenditures.

	2006	2005
Salaries, wages, and employee benefits	**$ 755,325**	$ 703,729
Contracted and general services	**205,895**	188,237
Materials, goods, supplies, and utilities	**140,605**	138,954
Interest and bank charges	**41,483**	40,808
Other	**42,028**	24,650
Operating (Schedule 1)	**1,185,336**	1,096,378
Capital (Schedule 2)	**515,828**	428,574
	$ 1,701,164	$ 1,524,952

EPCOR Utilities Inc. (EPCOR), established by City Council under City Bylaw 11071, is wholly owned by the City and provides rate-regulated and non-rate-regulated electric utility services, natural gas services, water utility services, and complementary commercial services.

The following table provides condensed supplementary financial information for EPCOR. Consolidated financial statements are contained within EPCOR's annual report and can be obtained by contacting the corporate offices of EPCOR.

	2006	2005
Financial position:		
Current assets	$ 999,573	$ 798,255
Current assets of discontinued operations	2,819	485
Capital assets	3,905,995	3,698,257
Other assets	1,472,734	1,163,653
Non-current assets of discontinued operations	2,101	3,137
Total assets	6,383,222	5,663,787
Current liabilities (including current portion of long-term debt of $62,919 (2005 - $54,355))	1,030,233	695,415
Current liabilities of discontinued operations	4,680	5,047
Non-current liabilities	985,277	1,161,848
Non-current liabilities of discontinued operations	4,647	15,637
Long-term debt	2,115,735	2,028,285
Total liabilities	4,140,572	3,906,232
Net assets	2,242,650	1,757,555
Results of operations:		
Revenues	3,309,149	2,639,647
Expenses	2,676,681	2,480,886
Net income from discontinued operations	9,629	28,377
Net income	642,097	187,138
Foreign currency translation and refundable taxes adjustment	(31,902)	(4)
Net income and adjustments	$ 610,195	$ 187,134

On November 1, 2006, EPCOR, through its Power LP subsidiary, acquired 100 per cent of the outstanding shares representing membership interests in Primary Energy Ventures LLC (PEV) with facilities located in the United States, for a purchase price of $370,400. The results of operations of PEV are included in EPCOR's consolidated results from the date of acquisition.

EPCOR finalized an agreement to sell its Battle River Power Purchase Arrangement and its related interest in the Battle River Power Syndicate Agreement to ENMAX Corporation. The sale of 55 per cent occurred on June 5, 2006 for $343,300 with the remaining 45 per cent interest to be sold over a four year period for $224,000.

On September 1, 2005 EPCOR acquired from TransCanada Corporation its interest in TransCanada Power, LP (Power LP) for a purchase price of $534,400. The results of Power LP are included in EPCOR's consolidated results from the date of acquisition.

Long-term debt reported by EPCOR includes amounts of $309,038 (2005 - $381,969) issued in the name of the City. Offsetting short and long-term receivables from EPCOR have been applied to reduce the consolidated long-term debt (Note 9).

Principal payments on long-term debt for the next five years, excluding capital lease obligations, are as follows:

2007	$ 58,600
2008	237,600
2009	218,800
2010	225,800
2011	219,600

The following summarizes the City's related party transactions with EPCOR for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	2006	2005
Dividend paid to the City	**$ 125,100**	$ 122,669
Power and water purchased by the City	**18,700**	18,800
Other services purchased by the City	**50,300**	46,900
Franchise fees and revenue tax to the City	**36,700**	34,600
Property taxes and other taxes to the City	**9,200**	10,000
Sales of administrative and construction services from the City	**7,600**	6,500
Financing expenses paid or payable to the City	**58,100**	62,800
Excess earnings in Sinking Fund available to EPCOR as at December 31	**29,052**	26,900

Within current assets and deferred assets is $36,400 (2005 - $29,900) due from the City, including excess earnings available in the Sinking Fund.

EPCOR has issued letters of credit for $247,800 (2005 - $153,900) to meet the credit requirements of energy market participants, to meet conditions of certain agreements and to satisfy legislated reclamation requirements.

Certain estimates are necessary since the regulatory environment that EPCOR operates in often requires amounts to be recorded at estimated values until finalized and adjusted pursuant to subsequent regulatory decisions, or other regulatory proceedings. Adjustments to previous estimates, which may be material, will be recorded in the period they become known.

EPCOR commitments to major capital projects are estimated at $130,200 as at December 31, 2006 (2005 – $300,000).

Subsequent to the year end, EPCOR and TransAlta Corporation announced their decision to build Keephills 3, a coal fired generation plant. The construction is expected to be completed in 2011, with EPCOR's estimated 50 per cent committed share of the total capital cost to be $820,000.

The City is the sole shareholder of Non-Profit Housing Corporation, established in 1977 for the purpose of providing non-profit housing for the citizens of Edmonton. Pursuant to operating agreements, Non-Profit Housing Corporation receives subsidies from Canada Mortgage and Housing Corporation and Alberta Municipal Affairs and Housing.

The financial statements of Non-Profit Housing Corporation are prepared in accordance with a disclosed basis of accounting. The effect, had the financial statements been prepared in accordance with generally accepted accounting principles, would not be material to the amounts disclosed by the City. The following table provides condensed supplementary financial information for Non-Profit Housing Corporation.

	2006	2005
Financial position:		
Current assets	$ 3,864	$ 3,479
Housing projects	19,793	21,240
Total assets	23,657	24,719
Current liabilities (includes current portion of mortgages payable of $1,559 (2005 – $1,432))	2,163	2,010
Mortgages payable	19,575	21,149
Total liabilities	21,738	23,159
Replacement reserves	1,176	846
Net assets	743	714
Results of operations:		
Revenues	5,187	5,026
Expenses	4,589	4,603
Excess of revenue over expenses	598	423
Interest earned	29	18
Replacement reserve allocation	(598)	(423)
Change in net assets	$ 29	$ 18

Principal payments on long-term debt for the next five years, assuming renewals of mortgages on similar terms and conditions, are as follows:

2007	$ 1,559
2008	1,633
2009	1,710
2010	1,792
2011	1,877

In 2006, Non-Profit Housing Corporation committed to provide $300 in funding from its internally restricted net assets towards a new non-profit housing initiative.

All employees of the City, with the exception of police officers, are members of the Local Authorities Pension Plan (LAPP), which is one of the multiemployer plans covered by the Public Sector Pension Plans Act.

The City is required to make current service contributions to the Plan of 7.75 per cent of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 10.64 per cent thereafter. Employees of the City are required to make current service contributions of 6.75 per cent of pensionable salary up to YMPE and 9.64 per cent thereafter. Contributions for current service are recorded as expenditures in the year in which they become due. Contribution rates reflect an increase of 0.35 per cent for earnings below YMPE, and 0.50 per cent for earnings above YMPE, to both employer and employee contributions, implemented January 1, 2006.

Total current service contributions by the City to the LAPP in 2006 were $35,775 (2005 - $32,398). Total current service contributions by the employees of the City to the Local Authorities Pension Plan in 2006 were $31,735 (2005 - $28,575).

Police officers employed by the City are participants in the multiemployer Special Forces Pension Plan (SFPP). The City is required to make current service contributions to the Plan of 10.36 per cent of pensionable payroll. In addition, past service contributions to the Plan of 0.75 per cent of pensionable payroll are required to eliminate an unfunded liability related to service prior to 1992, on or before December 31, 2036. Participants of the SFPP are required to make current service contributions of 9.26 per cent of pensionable salary and past service contributions of 0.75 per cent of pensionable salary to the Plan. Contributions for current and past service are recorded as expenditures in the year in which they become due.

Total current and past service contributions by the City to the SFPP in 2006 were $11,089 (2005 - $11,179). Total current and past service contributions by the participants to the SFPP in 2006 were $9,991 (2005 - $10,072).

The following summarizes plans sponsored by the City. Assets related to the plans are held in trust as disclosed in Note 21.

i) Annuity Plan

The City provides pension benefits to members who were retired at the time the City's Pension Plan was transferred to the Province of Alberta. There are no active members enrolled in the Plan and no further contributions are expected to be made to the Fund.

Total benefits paid during the year were $45 (2005 - $48).

ii) Police Supplementary Pension Plan

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the LAPP for 32 beneficiaries. There are no active police officers enrolled in the PSPP and no further contributions are expected to be made to the Fund.

Total benefits paid during the year were $113 (2005 - $131).

iii) Fire Fighters' Supplementary Pension Plan

The Fire Fighters' Supplementary Pension Plan (FFSPP) is a defined benefit pension plan covering members of the City Fire Fighters' Union. Pensions are payable to retired fire fighters and surviving spouses of deceased fire fighters. This pension is reduced by the pension payable to the member under the LAPP.

Total benefits paid during the year were $4,438 (2005 - $3,615). Employee contributions for the year were $1,507 (2005 - $1,384). Due to the funded surplus position, the City has taken a contribution holiday beginning January 2001.

iv) Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plan

The City of Edmonton Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plan (Fire Chief) is a defined benefit pension plan covering employees in the positions of fire chief and deputy fire chiefs. Contributions are made by plan members and the City. The pension is reduced by the pension payable to the member under the LAPP.

Total benefits paid during the year were $196 (2005 - $145). Employee contributions for the year were $8 (2005 - $10), and employer contributions were $179 (2005 - $201).

An actuarial valuation for each pension plan was completed by Aon Consulting Inc. as at December 31, 2006. Each 2006 actuarial valuation was based upon a number of assumptions about future events, which reflect management's best estimates. The expected inflation rate is 2.75 per cent (2005 – 2.75 per cent). The discount rate used to determine the accrued benefit obligation is 6.25 per cent (2005 - 6.50 per cent). Each pension fund's assets are valued at market value. The expected rate of return on plan assets is 6.25 per cent (2005 – 6.50 per cent).

The following table sets out the results for each of the pension plans:

	Annuity	PSPP	FFSPP	Fire Chief	**2006**	2005
Fair value of assets	$ 8,620	$ 7,314	$ 132,803	$ 2,230	**$ 150,967**	$ 137,436
Accrued benefit obligation	72	882	108,017	2,136	**111,107**	100,792
Funded status – surplus (deficit)	8,548	6,432	24,786	94	**39,860**	36,644
Unamortized net actuarial loss			7,406	151	**7,557**	10,148
Accrued benefit asset	8,548	6,432	32,192	245	**47,417**	46,792
Valuation allowance	8,548	6,432		14	**14,994**	13,224
Net fund asset	$	$	$ 32,192	$ 231	**$ 32,423**	$ 33,568

The net fund asset balance is included in other assets (Note 4). The net actuarial loss is amortized on a straight line basis over the expected average remaining service life (EARSL) of the Fire Fighters' plan of 14.1 years (2005 – 13.5 years) and of the Fire Chief plan of 4.3 years (2005 – 3.0 years).

The following table sets out the benefit plan related expense (income) for each of the pension plans:

	Annuity	PSPP	FFSPP	Fire Chief	**2006**	2005
Current service cost	$	$	$ 3,142	$ 10	**$ 3,152**	$ 2,879
Amortization of actuarial (gain) loss	(469)	(463)	762	82	**(88)**	640
Increase (decrease) in valuation allowance	944	812		14	**1,770**	1,367
Less: employee contributions			(1,507)	(8)	**(1,515)**	(1,394)
Benefit plan expense for the year	475	349	2,397	98	**3,319**	3,492
Interest cost on accrued benefit obligation	7	62	6,304	126	**6,499**	6,298
Expected return on plan assets	(482)	(411)	(7,480)	(121)	**(8,494)**	(8,074)
Benefit plan interest (income) expense	(475)	(349)	(1,176)	5	**(1,995)**	(1,776)
Total benefit plan related (income) expense	$	$	$ 1,221	$ 103	**$ 1,324**	$ 1,716

v) **Long-Term Disability Plan**

The Long-Term Disability Plan is available to permanent employees to provide protection against loss of income. The employee pays 100 per cent of the premium for the Plan.

An actuarial valuation of the Plan was completed by Aon Consulting Inc. as at December 31, 2006. The Plan's assets are valued using a moving average market value.

	2006	2005
Fair value of assets	$ 59,904	$ 54,224
Less:		
Accrued benefit obligation	45,046	43,633
Other obligations and deferred gains	6,461	4,790
Net fund asset	$ 8,397	$ 5,801

City Council has approved a 2007 – 2011 Capital Priorities Plan of $2,527,868. The 2007 requirement of $985,806 is to be funded as follows:

Reserves, grants, and developer contributions	$ 555,129
Pay-as-you-go financing	127,264
Tax-supported debentures	207,750
Self-liquidating debentures	95,663
	$ 985,806

Capital requirements related to EPCOR are not included in the Capital Priorities Plan. Certain capital commitments for EPCOR have been disclosed in Note 17.

The City has entered into a number of lease agreements, mainly for facilities and equipment. Lease commitments over the next five years are as follows:

2007	$ 13,316
2008	11,150
2009	9,219
2010	7,842
2011	7,068

The City entered into a forward foreign exchange contract to purchase $29,490 USD as of January 16, 2007 at an effective forward rate of 1.1595, or $34,194. The forward contract was used to partially offset foreign exchange risk on the purchase of light rail transit vehicles.

The City is defendant in various lawsuits as at December 31, 2006. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded, and the City's Administration believes there will be no material adverse effect on the financial position of the City.

The City is reviewing environmental objectives and liabilities for its activities and properties and potential site reclamation obligations. The amount of any such obligations has not been determined.

The City administers the following assets in trust on behalf of third parties. As related trust assets are not owned by the City, the trusts have been excluded from the financial statements.

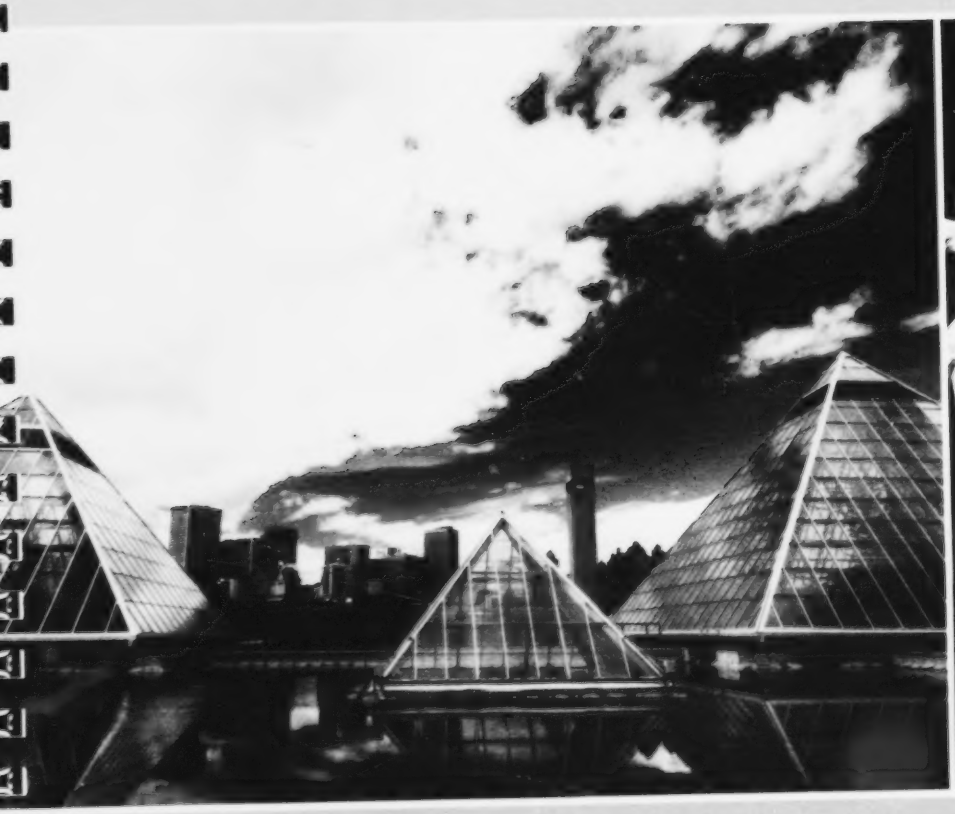
	2005	Deposits (Withdrawals)	Earnings	2006
Pension Funds Net Assets:				
Annuity Fund	$ 7,728	$ (52)	$ 944	$ **8,620**
Police Supplementary Pension Fund	6,625	(119)	808	**7,314**
Fire Fighters' Supplementary Pension Fund	121,236	(3,339)	14,906	**132,803**
Fire Chief and Deputy Fire Chiefs' Supplementary Pension Fund	1,847	167	216	**2,230**
	137,436	(3,343)	16,874	**150,967**
Long-Term Disability Plan	53,014	735	3,655	**57,404**
Other	589	(9)	9	**589**
	$ 191,039	$ (2,617)	$ 20,538	$ **208,960**

Pension Fund assets include fixed income investments in government and government guaranteed bonds, corporate bonds, short-term notes and deposits, valued at market quotations from Canadian investment dealers, and Canadian and international common and preferred shares valued at the closing price on the stock exchange where listed. Assets of the pension funds are administered by the Investment Committee of the City.

Long-Term Disability Plan assets are investments held in trust, comprised of short-term notes and deposits, government and government guaranteed bonds, corporate bonds, debentures, and Canadian and international common and preferred shares.

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

schedules & statistics



Statistical Review for the Years 2002 to 2006
General Municipal Data

	2006	2005	2004	2003	2002
Population (Note 1)	**730,372**	712,391	666,104	666,104	666,104
Population age distribution (%) (Note 2)					
0-4	**4.20**	4.20	5.80	5.80	5.80
5-19	**18.09**	18.09	19.64	19.64	19.64
20-29	**18.18**	18.18	16.54	16.54	16.54
30-39	**14.78**	14.78	15.87	15.87	15.87
40-49	**15.89**	15.89	16.20	16.20	16.20
50-59	**12.65**	12.65	10.58	10.58	10.58
60-64	**3.94**	3.94	3.69	3.69	3.69
65+	**12.27**	12.27	11.68	11.68	11.68
Area - in hectares	**69,980**	69,980	69,980	69,980	69,980
- in square kilometers (rounded)	**700**	700	700	700	700
Value of building permits ($000)	**$ 2,305,717**	$ 2,110,749	$ 1,380,933	$ 1,075,125	$ 1,141,696
Number of housing starts (per Canada Mortgage and Housing Corporation)	**9,816**	9,434	8,159	8,956	8,821
Consumer price index – 1992 base year (per Statistics Canada)					
Edmonton	**136.5**	132.4	129.7	128.4	121.9
Alberta	**139.5**	134.3	131.5	129.7	124.2
Canada	**129.9**	127.3	124.6	122.3	119.0
Unemployment rate (%)– annual average (per Statistics Canada)					
Edmonton	**3.9**	4.5	4.8	5.1	5.1
Alberta	**3.4**	3.9	4.6	5.7	5.3
Canada	**6.3**	6.8	7.2	7.6	7.7
City of Edmonton employees (Note 3)	**10,611**	10,137	9,727	9,517	9,301

Source: The City of Edmonton Corporate Services Department.

Notes:
1. The population figures are as per the 2001 Canada, 2005 City and 2006 Canada Census.
2. The population age distribution figures has not been updated for 2006 as information is not yet available.
3. Positions are stated in full time equivalents.

Statistical Review for the Years 2002 to 2006
Assessment and Tax Levy

	2006	2005	2004	2003	2002
Assessment:					
Total taxable assessment (market value)	$ 64,209,785	$ 57,758,248	$ 52,239,492	$ 45,098,041	$ 39,720,706
Percentage of total assessment represented by:					
Residential properties	77.3	78.1	78.4	77.1	74.7
Commercial properties	22.7	21.9	21.6	22.9	25.3
Taxable assessment per capita	$ 87,914	$ 81,077	$ 78,425	$ 67,704	$ 59,631
Assessment for principal taxpayers (%) (Note 1)	4.1	4.4	4.7	5.2	5.7
Rates of taxation (mills):					
Single family residential	9.44	9.68	9.85	10.65	11.60
Other residential property	10.30	10.84	11.02	11.91	13.00
Commercial and industrial	19.17	21.17	22.47	22.95	22.72
Tax levy, collections, and arrears:					
Current year's levy:					
Property	$ 765,755	$ 721,523	$ 672,932	$ 622,400	$ 591,407
Business	99,594	95,113	86,880	81,579	76,845
Collections:					
Property	$ 769,804	$ 720,313	$ 669,616	$ 621,876	$ 584,504
Business	98,835	94,551	85,894	81,409	76,743
Arrears at December 31 (net):					
Property	$ 23,622	$ 24,473	$ 22,560	$ 22,549	$ 21,356
Business	1,646	2,318	1,251	763	1,474
Percentage of current property taxes collected	98.4	97.7	97.5	98.1	96.6
Percentage of net property tax arrears collected	66.2	69.7	59.2	51.7	63.7
Property tax arrears per capita (gross)	$ 40.14	$ 43.51	$ 43.01	$ 41.29	$ 43.44
Property tax arrears per capita (net)	32.34	34.35	33.87	33.85	32.06
Property tax levy per capita	1,048.45	1,012.82	1,010.25	934.39	887.86
Education taxes	267,885	259,634	246,003	230,927	215,483

Source: The City of Edmonton Planning and Development Department.

Notes:
1. Includes the ten highest taxpayers by assessment value.

Statistical Review for the Years 2002 to 2006
Investment Funds

	2006	2005	2004	2003	2002
Investment funds (Note 1)					
The Balanced Fund (Note 2)					
Net assets-market value	$ 487,445	$ 449,389	$ 385,601	$ 375,310	$ 342,279
Net assets-cost	469,069	439,078	365,504	363,182	345,316
Net earnings	29,833	45,064	18,834	16,416	14,211
Fund rate (%)	6.8	12.3	8.3	9.6	2.0
Market (%)	8.6	9.5	8.3	9.6	2.0
Ed Tel Endowment Fund					
Net assets-market value	$ 726,830	$ 677,704	$ 631,290	$ 602,997	$ 560,817
Net assets-cost	662,901	640,874	589,064	585,270	592,130
Net earnings	59,850	80,598	31,536	19,740	14,237
Fund rate (%)	9.0	12.6	5.4	3.4	2.4
Market (%)	13.1	12.3	9.5	12.6	(4.4)
Sanitary Servicing Strategy Fund (Note 3)					
Net assets-market value	$ 20,564	$ 29,900			
Net assets-cost	20,827	30,311			
Net earnings	831	389			
Fund rate (%)	4.0	1.3			
Market (%)	3.0	3.0			
The Sinking Fund					
Net assets-market value	$ 616,739	$ 570,641	$ 563,501	$ 556,368	$ 565,059
Net assets-cost	606,933	554,114	543,047	538,856	530,066
Net earnings					
Required	25,569	25,847	26,465	25,185	24,034
Unappropriated	4,418	11,030	7,300	16,683	23,306
Total	29,987	36,877	33,765	41,868	47,340
Fund rate (%)	4.9	6.7	6.2	7.7	10.4
Market (%)	4.1	5.9	6.6	6.4	10.6
The Transportation Fund (Note 4)					
Net assets-market value					$ 75,243
Net assets-cost					77,590
Net earnings					6,316
Fund rate (%)					5.4
Market (%)					3.4

Source: The City of Edmonton Corporate Services Department.

Notes:

1. This schedule summarizes significant investment funds maintained by the City of Edmonton.
   a) Net earnings are realized earnings of the fund in accordance with generally accepted accounting principles.
   b) Fund rate is the rate expressed as the earnings for the year over the weighted average of total assets employed.
   c) Market return is based on the time-weighted method, in accordance with industry standards.
2. Effective April 1, 2004, funds held for the Long-Term Disability Fund were removed from the Balanced Fund. Prior period figures have not been restated.
3. The Sanitary Servicing Strategy Fund was established on July 29, 2005.
4. Effective November 30, 2003, funds held for the Transportation Fund were no longer managed separately.

	2006	2005	2004	2003	2002
Debt limit	$ 2,857,110	$ 2,721,190	$ 2,362,738	$ 2,125,774	$ 2,048,414
Total debt per regulation	546,877	473,435	420,914	370,914	393,348
Percentage used (%)	19.14	17.40	17.81	17.45	19.20
Debt service limit	499,994	476,208	413,481	372,010	358,472
Total debt service per regulation	60,280	55,785	55,036	63,961	88,329
Percentage used (%)	12.06	11.71	13.31	17.19	24.64
General government debt service	29,497	26,729	33,936	41,996	47,391
General government debt service of general government operating fund expenditures (%)	2.7	2.6	3.6	4.8	6.0
Long-term debt (gross)					
Self-liquidating	$ 1,255,760	$ 1,249,185	$ 1,317,281	$ 1,379,409	$ 1,482,472
Tax-supported	147,500	103,784	59,217	24,058	25,951
Long-term debt (net of Sinking Fund)					
Self-liquidating	$ 708,198	$ 751,216	$ 820,544	$ 886,511	$ 993,493
Tax-supported	147,500	103,784	59,217	24,058	25,951
Net debt per capita					
Self-liquidating	$ 982	$ 1,054	$ 1,232	$ 1,331	$ 1,491
Tax-supported	205	146	89	36	39
	$ 1,187	$ 1,200	$ 1,321	$ 1,367	$ 1,530
Percentage of total debt to be retired					
Within 5 years	42.5	46.3	48.8	51.6	53.4
Within 10 years	64.9	67.2	69.9	73.6	76.5

Source: The City of Edmonton Corporate Services Department.

Consolidated Expenditures By Function

	2006	2005	2004	2003	2002
Transportation services	$ 490,965	$ 438,740	$ 392,158	$ 358,481	$ 322,141
Protective services	352,359	331,819	310,548	290,060	271,990
Community services	261,517	222,979	193,409	185,469	183,769
Corporate administration and general municipal	230,861	216,226	191,104	173,425	116,860
Utility and enterprise services (Note 1)	295,722	253,871	226,525	201,716	152,730
Waste management and storm sewer (Note 1)	69,740	61,317	58,432	57,987	86,913
	$ 1,701,164	$ 1,524,952	$ 1,372,176	$ 1,267,138	$ 1,134,403

Consolidated Expenditures By Object

	2006	2005	2004	2003	2002
Operating:					
Salaries, wages and employee benefits	$ 755,325	$ 703,729	$ 652,738	$ 613,109	$ 543,323
Contracted and general services	205,895	188,237	143,530	136,753	118,129
Materials, goods, supplies and utilities	140,605	138,954	152,146	150,476	146,561
Interest and bank charges	41,483	40,808	33,021	33,190	36,031
Other charges	42,028	24,650	5,290	8,503	17,765
	1,185,336	1,096,378	986,725	942,031	861,809
Capital	515,828	428,574	385,451	325,107	272,594
	$ 1,701,164	$ 1,524,952	$ 1,372,176	$ 1,267,138	$ 1,134,403

Capital Expenditures by Financing Source

	2006	2005	2004	2003	2002
Capital Expenditures	$ 515,828	$ 428,574	$ 385,451	$ 325,107	$ 272,594
Financing Sources Applied:					
General financing (Pay-As-You-Go)	89,330	81,220	69,525	102,868	84,703
Debenture borrowing	98,207	83,977	78,935	32,039	17,935
Government transfers - Federal	12,826	26,279	10,633	11,559	2,497
Government transfers - Provincial	125,795	98,411	99,193	88,944	76,572
Developer/partnership	123,133	68,726	83,181	52,550	53,921
Reserves/user fees/other	66,537	69,961	43,984	37,147	36,966
	$ 515,828	$ 428,574	$ 385,451	$ 325,107	$ 272,594

Source: The City of Edmonton Corporate Services Department.

Note:
1. To comply with the amended Sewers Use bylaw, the operation of the previously tax-supported storm sewer operation is carried out by Drainage Services Utility, effective January 1, 2003.

Revenues

	2006	2005	2004	2003	2002
Revenues- operating fund:					
General government (Note 1)	**$ 1,101,923**	$ 1,046,198	$ 935,003	$ 847,342	$ 795,265
Utility	**118,545**	109,463	105,863	100,584	91,166
Subsidiary operations	**610,224**	187,152	205,991	416,077	190,501
Other	**92,323**	121,192	49,163	50,910	76,932
	$ 1,923,015	$ 1,464,005	$ 1,296,020	$ 1,414,913	$ 1,153,864
General government operating fund revenues (%):					
Taxation	**56.1**	55.2	57.1	58.2	59.4
Sale of goods and services	**19.6**	19.0	20.0	20.3	21.7
Franchise fees	**5.9**	6.0	6.1	5.5	5.5
Appropriation from Ed Tel Endowment Fund	**2.7**	2.8	3.0	3.1	
Government transfers	**4.6**	4.9	3.6	3.1	2.9
Other	**11.1**	12.1	10.2	9.8	10.5

Reserves

	2006	2005	2004	2003	2002
General Government					
Financial Stabilization	**$ 79,368**	$ 75,057	$ 53,044	$ 37,026	$ 32,701
Financial Stabilization – appropriated	**32,908**	6,984	4,950	4,950	14,950
Funds in Lieu - residential	**22,509**	20,468	17,470	16,574	14,941
Other	**18,499**	14,837	13,925	15,036	15,966
Parkland Reserve	**11,022**	9,279	5,801	5,996	5,138
Waste Management Rate Stabilization	**7,879**	7,136	4,259	1,120	5,855
Affordable Housing	**6,500**				
Enterprise Portfolio / Commonwealth Stadium	**6,151**	7,079	6,816	6,571	5,489
Benefit Plan	**4,770**	4,467	4,413	4,069	3,800
Tax-Supported Debt	**4,165**	3,169	6,566	1,393	
	193,771	148,476	117,244	92,735	98,840
The Edmonton Public Library	**3,220**	2,965	2,602	2,710	3,069
Reserve Fund Balance	**$ 196,991**	$ 151,441	$ 119,846	$ 95,445	$ 101,909

Source: The City of Edmonton Corporate Services Department.

Note:
1. The general government operating fund revenue and expenditures include municipal operations, and pension and benefit adjustments.

Related Boards and authorities

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9990 Jasper Avenue
Edmonton, Alberta T5J 1P7

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Fax: (780) 917-7668

E-mail: info@edmonton.com
Web: www.edmonton.com/eedc

Chair: Robert Carwell
President and CEO: Allan Scott

Edmonton Taxi Cab Commission

3rd Floor, Allstream Tower
10250 – 101 Street
Edmonton, Alberta T5J 3P4

Phone: (780) 496-5244
Fax: (780) 496-6054

E-mail: taxicommissionadministration@edmonton.ca
Web: www.edmonton.ca

Chair: Clint Mellors
Administrator: Phil Fearon

Edmonton Police Commission

Suite 171, 10235 – 101 Street
Edmonton, Alberta T5J 3E9

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E-mail: info@edmontonpolicecommission.com
Web: www.edmontonpolicecommission.com

Chair: Brian Gibson
Chief of Police: Michael J. Boyd C.O.M.

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Fax: (780) 496-5510

Web: www.edmonton.ca

Chair: Jennifer Lee
General Manager: Terry J. Loat

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Chair: Hugh Bolton
President and CEO: Donald Lowry

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Chair: Dr. Sheila Bertram
Director: Linda Cook

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